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NEWS SUMMARY

GENERAL

Fears for 200 in store fire

Scores of people were feared dead or injured after fire swept through a crowded five-storey department store in Bucharest. Unconfirmed reports from the Romanian capital put the casualty toll at 200.

Some of the estimated 1,000 shoppers in the store jumped from windows through thick smoke. Others were evacuated by firemen using ladders and helicopters attempted to pluck people from the roof.

The fire took the whole of the city's firefighting force two hours to control. The cause had not been established last night.

Israeli oil bid

Israel will start drilling for oil next week in the occupied West Bank. Oil company officials are confident of a major strike. Back Page Israeli warplanes attacked Arab guerrilla bases in Lebanon shortly after a bomb blast in Tel Aviv's central open air market which killed one person and injured several others.

49 die in bus

Forty-six teenagers and three teachers were killed when their Holy Week excursion bus plunged into the Orbigo River near Benavente in central Spain. There were 13 survivors.

Italian election

Italy's general election will be held on Sunday, June 3, a spokesman for caretaker premier Giulio Andreotti said. Earlier story, Page 2

Bomb belief

Scotland Yard believes that the men who planted the car bomb which killed Tory MP Mr. Airey Neave are still in Britain. Artists' impressions of four men sought in connection with the the murder have been issued. Page 7

Kampala shelled

Tanzanian artillery shelled Kampala for 90 minutes in the biggest barrage of the Uganda war. Forces did not move into the capital, where President Amin is thought to have about 1,000 men in strongly defended positions. Page 4

Finney safe

Actor Albert Finney and his actress girlfriend Diana Quick, reported missing on a South American tour, arrived in Quito, Ecuador.

Treatment fails

A new attempt to save seven-year-old Anthony Nolan, suffering from a bone marrow deficiency, appears to have failed. Doctors said his condition had changed little since he was injected with treated white blood cells from his father.

Rhodesia raids

Rhodesian aircraft carried out bombing raids on Patriotic Front guerrilla targets near the Zambian capital of Lusaka. Rhodesian Prime Minister Ian Smith claimed senior Soviet officers were controlling operations. Page 4

Briefly...

Lyceum Club, one of Liverpool's best-known buildings, may be restored by the Government. It has been threatened by a redevelopment plan.

British Rail's High Speed diesel train established a world speed record on the London-Bristol run with an average start to stop speed of 111.7 mph. Page 10

BUSINESS

Gilts in demand; Tokyo off sharply

● GILTS continued in demand in response to the firmness of sterling and longs put on up to 1¼ and mediums ¼. The Government Securities index rose 0.48 to 75.80.

● EQUITY markets saw investment interest switch away from leading shares to secondary issues; the F.T. ordinary index closed 4.3 up at 535.7.

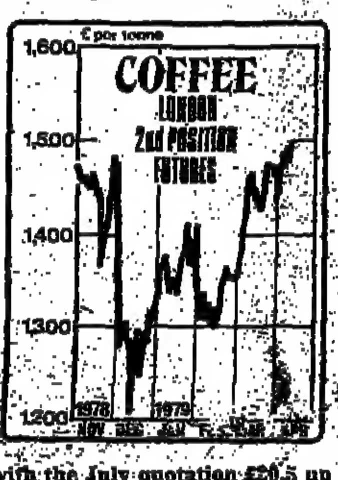
● TOKYO market declined sharply with the Nikkei Dow index falling 85.11 to 5,925.87, a new low for the year. Page 38

● STERLING rose 80 points to \$2.1020 in spite of some selling pressure. Its trade-weighted index rose to 67.8 (67.6) but the dollar's index fell to 85.4 (85.7).

● GOLD fell \$1¼ to \$239½ in London.

● WALL STREET was 0.25 up at 874.05 just before the close.

● COFFEE prices climbed to their highest for six months



with the July quotation £20.5 up at £1,505 a tonne. Page 39

● LLOYD'S underwriting syndicate which is facing losses of £18.6m is to ask Lloyd's for more substantial aid than the £7m arrangement recently agreed. Back Page

● IMF relations with Turkey are at a critical stage following the Ankara Government's insistance that publication of any further austerity measures would be too costly politically. Senior IMF members are unwilling to accept a programme which cannot be announced. Back Page

● PUBLIC SECTOR borrowing is likely to have been a little below £8.5bn in the 1978-79 financial year, in line with last year's Budget forecast, central Government revenue and spending figures for the 12-month period show. Back Page

● TARMAC chairman, Mr. Robin Martin, has relinquished his position as managing director and chief executive, but will remain group chairman "for the time being." Back Page

LABOUR

● NATIONAL UNION OF RAILWAYMEN is to seek pay increases of between 12 per cent and 13 per cent in talks with British Rail tomorrow. Page 11

● DUNLOP Speke tyre factory action committee have called off the day of strikes and protests at all the company's UK plants for today pending more talks to save 2,400 jobs at Speke.

COMPANIES

● SMITHS INDUSTRIES reports pre-tax profits 45 per cent ahead at £10.98m in the 26 weeks to February 3. Page 28 and Lex.

● BURTON GROUP reports a rise in pre-tax profit of well over £4m from £4.67m to £9.24m in the half year to February 24 on sales up from £78.8m to £81.2m. Page 28 and Lex.

Union investigates leader of BL craftsmen's strike

BY ALAN PIKE LABOUR CORRESPONDENT

Engineering union leaders yesterday raised the stakes in the BL craftsmen's dispute by starting an investigation which could lead to disciplinary action against Mr. Roy Fraser, leader of more than 3,000 skilled workers who are on strike demanding separate bargaining rights.

If Mr. Fraser is found guilty of breaking the rules of the Amalgamated Union of Engineering Workers he is in danger of being stripped of his shop steward's status, fined or expelled from the union.

But in focusing attention on Mr. Fraser—who said yesterday that the proposed investigation "smacks of McCarthyism"—the AUEW executive is risking increasing sympathy for his cause among skilled workers.

The move against Mr. Fraser came as BL management told unions in Coventry that the company proposed to go ahead with immediate parity payments in plants at which this was justified by performance. It had been intended to introduce parity—the concept of the same pay for the same job between factories—nationally but BL says this has not proved possible because of strikes at some plants.

Five plants employing 20,900 workers — Cowley assembly, Cowley body, Llanelli pressings, Swindon and the Common Lane factory in Birmingham—will qualify for immediate payments.

Union leaders reacted with fury to the company's decision to go ahead with parity payments on a plant-by-plant basis. They broke off talks in the Leyland Cars joint negotiating committee after "utterly rejecting" the proposals and Mr. Grenville Hawley, national secretary of the Transport and General Workers Union, said that it could lead to the union side pulling out of the committee for good.

BL management stressed last night that its decision to move towards parity on a local basis had no connection with the skilled workers' dispute. The 3,000 strikers — who are demanding immediate parity for skilled workers around a £89 basis rate—will, however, see it as further evidence that their interests are not being catered for under the present structure.

The BL United Craft Organisation led by Mr. Fraser is seeking separate negotiating rights for skilled workers

The allegation against Mr. Fraser which led to yesterday's unanimous decision by the AUEW executive to investigate his activities is that he has been organising action in districts outside Oxford, where he is a shop steward at BL's Cowley complex.

Mr. Terry Duffy, AUEW president, said after the executive meeting that there had been complaints from many members and branches. The whole of the BL dispute "seems to surround the personality of Mr. Fraser."

Mr. Fraser said: "It seems the executive are intent on having a witch-hunt in the hope of trumping up a charge against me to divert attention from the real issue.

"I would much prefer them to investigate reasons for our dispute because, arising from that investigation, they would recognise the justification of our arguments."

Make or break year for Leyland Vehicles Page 15

BP close to new long-term oil supply deal with Iran

BY [illegible] DONE, ENERGY CORRESPONDENT

BRITISH Petroleum is close to signing a new crude oil supply agreement with Iran.

The deal, with the National Iranian Oil Company, could give BP access to as much as 400-500,000 barrels a day for the rest of the year. That is rather more than a third of the crude it was lifting before the turmoil in Iran halted oil exports for 10 weeks at the end of December.

BP refused yesterday to disclose the exact size of the supply contract or the price it is negotiating; but this is understood to be between \$16 and \$17 a barrel for Iranian Light, which would involve a surcharge of \$1.34 to \$2.34 a barrel over the basic price agreed by the Organisation of Petroleum Exporting countries.

Sir David Steel, chairman of BP, said the prospects for long-term agreements with the National Iranian Oil Company were good.

Mr. John Sutcliffe, a BP Board member, said the company had already purchased four spot cargoes of crude from Iran. "The Iranians are anxious to firm up agreements for lifting for the rest of this year," he said.

BP has been worst hit of all the oil companies by events in Iran. It holds a 40 per cent interest in the consortium of western oil companies formerly responsible for producing nearly all of Iran's oil.

The company's move to join some other consortium members, in particular Shell and Compagnie Francaise des Petroles, in negotiating individual supply contracts, shows it has fully accepted the consortium's demise.

In addition to some renewed supplies from Iran, BP is also receiving extra supplies from Kuwait at an average rate of 50,000 barrels a day.

plies improving, BP is starting to renegotiate some of its crude supply contracts with customers, who have been suffering cuts of up to 45 per cent in deliveries since the beginning of the year.

Mr. Chris Laidlaw, a BP Board member, said the company was re-shaping the whole of its crude oil supply business.

Sales of crude to third-party customers had amounted to 72m tonnes last year, or as much as 45 per cent of total crude oil business, but this would be substantially reduced. Negotiations with crude oil customers should be largely completed by the end of the year, and the company would drop much of its business in supplying crude to other major oil companies.

With the prospects of sup-

Sir David Steel made it clear yesterday that BP would like Saudi Arabia to fall in line with other OPEC members by imposing a surcharge on all its crude oil production.

The present two-tier price system, in which Saudi Arabia is pricing its crude oil below the rest of the market, is working to BP's disadvantage. It has no access to cheap Saudi supplies,

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Iran oil company purge, Page 4
BP report, Page 28
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Money supply growth slows

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of the money supply slowed significantly last month. Large sales of gilt-edged stock appear to have offset a continuing buoyant trend in bank lending.

Sterling M3, the broadly defined money supply including cash and bank current and seven-day deposit accounts, is likely to have been farily flat in the month to mid-March, after a 1.1 per cent rise in the previous month.

This is suggested by preliminary banking figures published yesterday by the Bank of England. If this trend is confirmed in the full money supply figures next week, the annual rate of growth in the first five months of the latest target period to October may be around the upper end of the 8 to 12 per cent official range.

The announcement of the figures made little impact on the gilt-edged market yesterday where prices of longer-dated stock rose by at least one point. The result is that the new 1991 stock on offer this morning is now yielding slightly more than comparable existing issues.

Consequently, the £800m stock is expected to be fairly well subscribed. An attraction is that only £15 per cent has to be put up with tenders today and the next call is not until May 14. This allows a speculative position to be taken on the result of the election.

If the issue goes well a large part of the Government's funding will be tied up for the next two months. The heavy sales of gilts at the end of February, more than £650m gross, affected the figures for the month to mid March.

Eligible liabilities, a major component of the banks' funds, rose by 1.2 per cent in the month to £46.08bn partly as a result of inflows from abroad.

These figures do not provide a clear guide to the likely growth in the money supply. There are several reasons why sterling M3 is likely to have been flat in the period.

The clearing bank figures, also published yesterday, suggest that some of the inflows from abroad have boosted sterling deposits by overseas residents and have therefore not yet worked their way through into sterling M3.

Moreover, various transactions involving the discount

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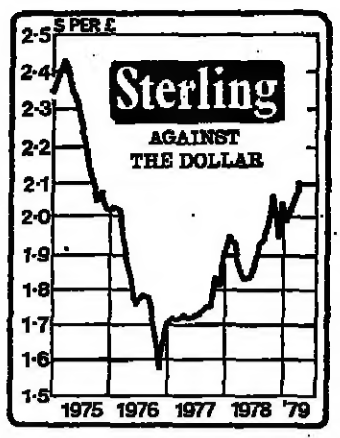

Sterling gains further

By Peter Riddell, Economics Correspondent

Sterling made further headway against most major currencies yesterday. But rates fluctuated sharply during the day as early large rises triggered significant, though short-lived, selling.

This was reflected in the movements during the day of the trade-weighted index measuring sterling's value against a basket of other currencies. After the big overnight rise in sterling in the U.S., the index initially rose to 68.0 from its closing level in London on Monday of 67.6.

But selling, especially from West Germany, led to a fall in the index of 67.7 at noon before late demand from New York pushed it up to 67.8 at the close. This represents a rise of 1.6 per cent since the Bank of England stopped intervening on a large scale last Thursday.

The Bank again appears largely to have held back yesterday, especially as the rise in the rate led to selling and two-way business.

The most interesting movements involved the D-mark since an early rise above DM 4.00, for the first time since February 1978, immediately led to a large selling order. The pound fell from a high of DM 4.02 to DM 3.98 before closing slightly up on the day at DM 3.9950.

Sterling faced less resistance against the dollar, moving above \$2.10, although there were fluctuations during the day. The rate ended 80 points up at \$2.1020

The dollar experienced a generally weaker day and its trade-weighted index as calculated by the Bank of England fell by 0.3 to 85.4.

Money markets Page 33

£ in New York

—	April 9	Previous
Spot	\$2.1060-1070	\$2.0845-0855
1 month	0.16-0.13 dis	0.20-0.18 dis
3 months	0.46-0.41 dis	0.45-0.40 dis
12 months	1.05-0.95 dis	1.05-0.90 dis

Liberals set PR as price of party deal

BY RICHARD EVANS, LOBBY EDITOR

THE LIBERALS will demand the early introduction of proportional representation as the price of their co-operation with either of the two main parties should there be another close General Election result.

Failure to secure a commitment from the Prime Minister on a change in the voting system led to the party's withdrawal from the Lib-Lab pact last summer, and Liberal leaders appear to have learned their lesson. Should another opportunity occur the bargaining will be much tougher as Liberals believe that much more will be at stake for the major parties.

The prospect of another hung Parliament does not appear to be too great because of the Conservtives' lead in the opinion polls and the likelihood of smaller minor party representation. But when the gap between the Tories and Labour narrows during the three-week campaign, as it almost certainly will, the Liberal position could return to prominence.

The party's attitude was forcefully spelt out yesterday by Mr. John Pardoe, deputy leader, after presentation of the Liberal manifesto in London. He insisted that an esential precondition of any pact would have to be "a copper-bottomed guarantee" that a PR voting system would be used in future.

So far, Mr. James Callaghan has made it clear that he would be willing, albeit reluctantly, to enter negotiations with the Liberals or another minor grouping, to establish a basis for government; but Mrs. Margaret Thatcher has refused to respond in any way. She remains convinced that the Tories are poised for a substantial victory that would make the Liberal position irrelevant.

In any case, the Conservative leader is so opposed to the introduction of PR that it would be extremely difficult for her to compromise. Her belief remains that electoral reform could rob the Conservative Party of any prospect of majority rule for the foreseeable future.

The Liberal programme also proposes a switch from direct to indirect taxation, with the standard income tax rate lowered to 20 per cent and the top rate to 50 per cent. The cuts would be paid for by raising value-added tax, employers' National Insurance contributions, and drink and tobacco duties.

Tax credits for the needy would replace social security. Other main points are an incomes policy with statutory backing, a "national efficiency audit" to cut waste, a fixed parliamentary term, a democratically elected second Chamber, and a written Constitution.

Manifesto details Page 13

Tories reply on jobs

BY RICHARD EVANS

CONSERVATIVE leaders moved swiftly yesterday to stifle the Prime Minister's attempts to brand the Tories as the party of 1930s-style unemployment.

After his opening salvo on Monday against the effects of Tory economic policies, Mr. Callaghan claimed in Manchester yesterday that a Conservative election victory would raise unemployment beyond 2m.

This brought a furious response from Tory leaders, including Sir Keith Joseph, Mrs. Thatcher's policy adviser, Mr. James Prior, employment spokesmen, and Mr. Edward Heath, the former party leader. Its vigour seemed to point to Tory nervousness at the Prime Minister's early tactic of trying to scare away voters from the Tory camp.

Sir Keith, in his Leeds, North-East constituency, said Mr. Callaghan's policies had destroyed more jobs than they had created or protected.

Mr. Prior challenged the allegation that the Tories would dismantle the job-creation scheme. He agreed that they hoped to phase out some employment subsidies, but said there was no question of immediately axing current schemes. It would be a gradual process.

Mr. Heath, speaking in Scotland, accepted that Mr. Callaghan's "deserts of unemployment" were there, but said the Labour Government had created them.

Mrs. Thatcher will launch the Conservative manifesto, the last of the main ones, at Conservative Central Office today.

Other election news Page 12

Airways chief backs denationalisation Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			FALLS:		
Treas. 11¾% 1991	£1.04⅝	+ ⅛	Aberthaw	120	− 10
Exch. 12¼% 1999	£47⅞	+ 1¼	Burton A	308	− 6
Brent Chemicals	302	+ 16	Castings	67	− 8
Burnett & Hallam	312	+ 9	Glaxo	520	− 18
Com. English Stores	156	+ 6	Ladbroke	221	− 4
Decca A	405	+ 10	Martin (Albert)	92	− 6
DRG	131	+ 7	Minet	162	− 23
Hambro Life	600	+ 20	Smith (W.H.) A	195	− 7
Hambro Trust	51	+ 11	Smiths Inds.	240	− 15
Hambros Bank	276	+ 23	Wilmot-Breeden	107	− 6
Harris (P.)	146	+ 8	Guthrie Corp.	525	− 10
Harris Queensway	246	+ 12	Cons. Murchison	230	− 15
Kent (M.P.)	66	+ 5			
Lee Cooper	280	+ 18			
Leyland Paint	143	+ 8			
Lon. & Prov. Poster	275	+ 27			
Needlers	65	+ 13			
Perry (H.)	166	+ 15			
Racal Electronics	485	+ 8			
Raybeck	134	+ 11			
Sainsbury (J.)	313	+ 8			
Staveley	316	+ 10			
Wolseley Hughes	300	+ 8			
Tricentrol	222	+ 10			
Cent. Pacific Minrls.	500	+ 50			
Impala Platinum	181	+ 7			
Rustenburg Plat.	136	+ 6			
Sth. Pac. Petroleum	200	+ 12			

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EUROPEAN NEWS

Gaullist Ministers call for end to Chirac 'tirades'

BY DAVID WHITE IN PARIS

THE GAULLIST party's 11 members of France's centre-right coalition Government are at the centre of a fierce foreign policy debate which divides the leadership of their own RPR party and the UDF group loyal to President Valery Giscard d'Estaing.

As the argument about France's place in the EEC warms up in readiness for elections to the European Parliament, M. Jacques Chirac the RPR leader, has warned Gaullist members of the Government that they will be thrown out of the party if they follow the lead of M. Raymond Barre, the UDF Prime Minister, and back the UDF's list of candidates, and its pro-European platform.

The government Gaullists, six Cabinet Ministers and five secretaries of state, replied yesterday by agreeing to back the RPR's list of candidates. But they also told M. Chirac to stop his anti-Giscard tirades. Their choice of words was firm but the warning will undoubtedly prove to be in vain.

The statement quoted General de Gaulle's dictum: "The President is the man in charge of the essential, and anything that weakens him weakens France." Party officials retorted that Ministers who held no party posts were in no position to give lessons in Gaullism.

The Gaullist Ministers, who include M. Alain Peyrefitte (Justice), M. Robert Boulin (Labour) and M. Yvon Bourges (Defence), said they were ready to back the Gaullist campaign thus avoiding a split in the movement.

"But a stop must be called to certain behaviour which reflects seriously on the country's confidence in the future and which stands in outright contradiction to many basic principles which rallied us around General de Gaulle: primacy of the executive, cohesion of the majority which supports our action, willingness to put the interest of the state and the nation above all other considerations, rejection of demagogy and systematic denigration, vigilance so as not to return to a party system under which committees and congresses used to dictate to the Government, respect of the presidential function."

M. Chirac said last week that the President would lose his campaign for re-election in 1981 *unless he changed his policies.* He also attacked M. Barre for taking sides in the European elections and choosing between the two political factions which make up the Government majority.

French jobless may reach 2.5m

BY TERRY DODSWORTH IN PARIS

FRANCE COULD have up to 1.8m unemployed by 1983 and 2.5m by 1985, according to a study made by the national statistical office, INSEE, working on the new national plan.

This projection of trends, which *is not meant as a firm* forecast, indicates that the present high level of unemployment in France—now running at 1.35m—is here to stay.

But the composition of the labour market will also change, the study adds.

The main factor in these movements will be the growing number of women looking for employment from now until the end of the century.

The experts expect to see only a modest decline in prices. *Inflation should be down to* between 6 and 7 per cent by the end of 1985, they say, allowing an improvement of about 3 per cent in purchasing power.

The economy should grow approximately in step with the rest of the world, at between 3.1 and 3.6 per cent a year.

One of the biggest longer-term problems facing the *economic managers will remain* in the social security system. This was the subject of a wide *government reorganisation* earlier this year.

The present rates of subscriptions to the social security organisations will not be sufficient to keep them out of financial trouble, the study adds.

Swiss to step up defence purchases

By Brij Khindaria in Geneva

THE SWISS Government has presented Parliament with a defence procurement Bill of SwFr 1.7bn (about £470m)—the largest since the major Swiss rearmament programme during the Korean war.

Explaining the Bill, Federal Councillor Rudolf Gnaegi said the money was needed to modernise weapons used by the Swiss defence forces. The major expenditure will be on U.S. M109 tanks. Switzerland has placed new orders for 207 such tanks to replace outdated ones by the early 1980s.

Some of the money will be spent on making the Air Force's squadrons of Hunter aircraft capable of electronic warfare, using missile systems and radar to detect enemy aircraft. They will also be fitted with new cannons for air-to-air combat.

Improvements to existing anti-aircraft systems will take up another chunk of the budget, while about SwFr 347m will be spent on building new armed forces facilities and buying more land.

The huge defence procurement demand has given rise to criticism, particularly because 49 per cent will be spent outside Switzerland, the largest proportion ever. In previous years the Government's aim has been to spend 70 per cent of defence budgets within Switzerland.

Hitch over Italy poll date

BY RUPERT CORNWELL IN ROME

ITALY'S CABINET was meeting last night to decide whether the forthcoming general election can legitimately be held on the same day as the European elections, planned for June 10.

The dilemma has forced Sig. Giulio Andreotti, the caretaker Prime Minister to seek the *advice of the council of state and* has created further bitterness between the parties on the eve of the campaign.

The issue turns on the technical point of whether voting in the domestic election, normally spread over a day and a half, can be reduced to the single day of June 10, through a simple administrative decision by the Government.

Should this not prove permissible, Sig. Andreotti would have little choice but to hold the national elections before the European polls, probably on June 3 and 4. The small Radical Party has already made it clear that it will filibuster any attempt at pushing through a decree law, which would also require the recall of a dissolved parliament.

The Socialists stand to lose most if carefully laid plans for holding the two polls together collapse. They have fought all along for such a step in the belief that their expected strong performance in the Europe poll will spill over into the domestic election.

The party again called yesterday for the two votes to be held in tandem, pointing out that separate dates would add substantially to the cost.

Meanwhile, magistrates yesterday began questioning terrorist suspects arrested at the weekend, in Padua, in particular. It is also reported that Sig. Antonio Negri, a political lecturer at Padua, who is regarded as intellectual leader of the "autonomist" splinter groups, has been transferred to Rome for interrogation by magistrates investigating the kidnap and murder last year of Sig. Aldo Moro.

New move in Cyprus peace talks

BY OUR ATHENS CORRESPONDENT

DR. KURT WALDHEIM, UN Secretary-General, was yesterday *trying to find common* ground to warrant a meeting between President Spyros Kyprianou of Cyprus, and Mr. Rauf Denktash, leader of the island's Turkish-Cypriot community.

The talks would be aimed at breaking the deadlock in the island's intercommunal peace talks.

President Kyprianou, who has been conferring in Athens with Mr. Constantine Karamanlis, the Greek Premier, on the further handling of the issue, *said it* had not been possible to find a way to resume the intercommunal talks, stalled since early 1977.

This was because of the "negative and intransigent attitude" of the Turks, who have placed conditions which, if accepted, would mean the recognition by the Greek-Cypriots of *faits accomplis.*

President Kyprianou and Mr. Karamanlis agree that the Cyprus issue is entering a crucial stage and that close co-operation between Athens and Nicosia is essential.

But the President warned yesterday that an adverse development concerning Cyprus could have serious repercussions on the Greek-Cypriots, and also on Greece.

This has been seen in Athens as an obvious hint that he is under pressure from the Greek Government to go back to the negotiating table and accept some kind of compromise.

The Greek Government is understood to be under pressure from the U.S. to accept a 12-point plan put forward last November.

The U.S. plan, prepared with the active involvement of Britain and Canada, calls for creation of a federal government with separate Greek and Turkish regions, and some of the territory seized by Turkish troops in 1974 being returned to Greek-Cypriots.

A favourable development in the Cyprus issue would help Greece mend its differences with Turkey.

It would also, the Government hopes, open the way for Greece's return to the military wing of NATO from which she withdrew in anger over the Turkish invasion of Cyprus in 1974.

President Nicolae Ceausescu

Ceausescu in Libya oil accord

By Paul Lendvai in Vienna

PRESIDENT CEAUSECU of Romania appears to have scored an important success with Col. Muammar Gaddafy, the Libyan leader, with regard to increased shipments of crude oil for Romania.

The final communique on their talks in Libya last week was published last night and referred to a long-term agreement and a memorandum signed during Mr. Ceausescu's two-day visit about diversification of commercial exchanges and co-operation in building, industrial and farm projects as well as crude oil exports from Libya.

Col. Gaddafy reaffirmed that Libya would do everything in its power to consolidate and broaden economic relations. The two leaders also agreed that the competent authorities should finalise the agreements "as soon as possible."

According to unconfirmed reports Romania was seeking to buy at least 2.5m to 3m tons of crude annually from Libya. No figures have been released about last year's deliveries or about expected deliveries this year.

But Mr. Ceausescu said that trade since his last visit to Libya in 1974 has risen fourfold. There are some 3,000 Romanian experts in Libya building houses and schools, the Central Post Office and the Industrial Bank, roads and a fishing port.

Romania is the only Warsaw Pact country apart from the Soviet Union with a substantial oil output. However, production has been steadily declining to a low of *13.7m tons* last year while demand was rapidly rising.

In January this year Romania asked Saudi Arabia to deliver 3m tons of crude oil annually to Romania. High level Romanian *delegations recently visited* Iraq, Kuwait, Abu Dhabi and Venezuela in a coordinated effort to find alternative sources of supply.

W. German economy 'thoroughly robust'

BY GUY HAWTIN IN FRANKFURT

DR. WILFRIED GUTH, the man most widely tipped as the next *Governor of the Bundesbank,* yesterday described West Germany's economy as "thoroughly robust." But he warned that there was cause for concern about the prospect of a continued upswing in 1980.

West Germany had weathered the "shock" which followed the Iranian revolution far better than had been expected, said Dr. Guth, the joint chief executive of Deutsche Bank West Germany's largest bank. Exports were also expected to benefit from greater stability on the exchanges.

However, there were two great dangers facing the economy. First, there was the chance of renewed inflation. Most important, however, was the prospect of a bottleneck in energy supplies.

Speaking on economic prospects for 1979, Dr. Guth said that not only had fiscal policy provided an impetus for capital investment in industry, but entrepreneurs had also reacted positively to the light economic upturn. A 6 per cent growth in investment was expected for the year.

Pay settlements after the *steel strike had been moderate,* he said, and price rises in West Germany were being imported rather than "made at home."

Dr. Guth hoped that sufficient price stability would be maintained to prevent the wage-price spiral starting again.

Dr. Wilfried Guth

KWU defends atom standards

BY JONATHAN CARR IN BONN

LEADING REPRESENTATIVES of the West German nuclear power station construction industry have sought to show that the kind of accident which occurred at the Harrisburg plant in the U.S. was virtually ruled out in German-built atomic installations.

At the same time they agreed that no technical system could be wholly problem-free, and welcomed the new examination of German reactor safety just announced by the Bonn Government. They felt it might produce suggestions for improvement on matters of detail, while confirming that the general safety standard of German reac*tors was second to none.*

The points were made at a Press conference here yesterday by Herr Klaus Barthelt, executive chairman of Kraftwerk Union (KWU), the country's leading power station building concern, and by other Board members. The comments come at a time when West Germany's nuclear power plans, long the object of particularly sharp domestic criticism, have come under increased attack

There are clear signs that atomic power is now emerging as a key issue in the campaign for the important provincial *election on April 29 in* Schleswig-Holstein, the state which was the scene of fierce clashes between police and opponents of nuclear power in 1976.

It also seems a devisive factor *even within the Government,* with at least one minister publicly ready to envisage circumstances in which West Germany might have to drop its nuclear power option—a position which several of his colleagues are not ready to support.

Herr Bathelt said that West German atomic power station builders *followed a security* philosophy different from that existing in the U.S.

More security stages independent from each other were built into German installations.

Had a sequence of events similar to that at Harrisburg begun in a German reactor, safety cooling measures would have cut in automatically and immediately, he said. Five separate security stages would have had to fail one after the *other to bring an accident simi*lar to that at the U.S. plant.

Herr Barthelt noted that his company built conventional as well as nuclear power stations and that from the business viewpoint KWU was just as happy to accept orders for the former as for the latter.

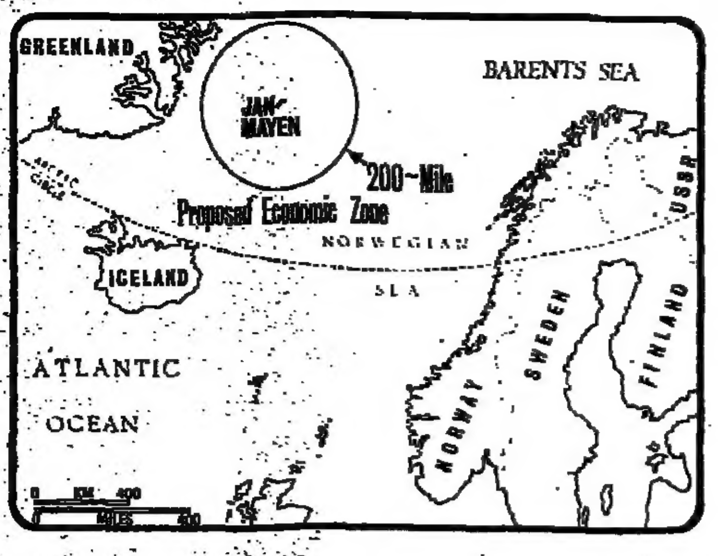
But he stressed his agreement with the Bonn Government's official stand that a contribution from nuclear power would be required if West Germany were not to suffer a serious energy shortage in the next decade.

He noted that West Germany had a current surplus power capacity of about 6,000 MW—this would vanish by about the end of next year. KWU itself had received no firm order for a nuclear power station, either at home or abroad, for three and a half years. The company had orders in hand worth about *DM 24bn* but, Herr Barthelt noted, it was not hard to retain a thick order book when legal and other delays prevented construction.

PROBLEM OF NORWAY'S 'OTHER ECONOMIC ZONE'

Treading carefully over Jan Mayen

NORWEGIAN FISHERMEN are urging their Government to declare a 200-mile economic zone around Jan Mayen, a rocky volcanic island of 378 square kilometres north-east of Iceland and strategically situated on the approaches to the Atlantic from the Barents Sea.



The Norwegian Labour Cabinet has postponed a decision until it has looked more closely into the political aspects and the fish stocks have been accurately assessed, but the fishermen can be expected to renew their demand later this year.

Jan Mayen was discovered by the Irish monk Brendan about 1,000 years ago. Henry Hudson, the British navigator who gave his name to Hudson Bay, was one of the skippers sailing the Murmansk route from the 16th century onwards to drop anchor off the island, but Jan Mayen was first occupied by the Norwegian metereological service in the 1920s.

It was formally annexed by the Norwegians in 1929 and incorporated into the Kingdom of Norway in 1930. Jan Mayen currently hosts a metereological station, a LORAN navigation station, which is used for both civilian and military purposes and a 1,600-metre landing strip. Some 25 to 30 Norwegians from the metereological service and the defence forces are stationed there.

Norway's sovereignty has never been disputed and the status of Jan Mayen is not connected with that of the Svalbard (Spitsbergen) islands, where Norwegian sovereignty rests on a treaty of 1920 recognising the rights of 41 signatory nations to exploit the islands' economic resources.

The Russians have challenged the Norwegians' right to operate a fisheries protection zone around Svalbard and even Norway's Western allies, the U.S., Britain and West Germany, have tabled reservations about the Svalbard zone, although they have in practice respected Norwegian regulations within it.

The Norwegian fishermen's disappointment with the results of the 200-mile economic zone off the Norwegian mainland, which became effective in 1977, lies at the root of their demand for a zone around Jan Mayen. More explicitly, it has been prompted by the complementary agreements about fishing in the Barents Sea which have had to be concluded with the Russians.

The continuing decline of both the cod and capelin stocks in this area has forced the Norwegian and Soviet authorities to reduce the allowable catches this year. The total cod catch has been cut by 150,000 tonnes to 660,000 tonnes which, after third countries have got their share, leaves the Norwegian fishermen with the right to fish 55,000 tonnes less than in 1978.

The agreement also allows the Russian fishermen to take 80,000 tonnes within the Norwegian zone while the Norwegians can fish only 30,000 tonnes on the Soviet side. The Norwegian fishery authorities argue that, if they do not allow the Russians to take mature cod in the Norwegian zone, they will only fish more young cod in their own zone, thereby further eroding the total Barents sea stock. The Norwegian fishermen claim that the main attrition of the cod stock is due to Russian fishing with nets of too small a mesh.

But the worst blow to the Norwegian fishermen has been the agreement with the Russians over the Barents Sea capelin, a small fish of the herring family used mainly for fish meal and oil. The capelin have been overfished and compared with the peak of 2.9m tonnes caught in 1977 the allowable catch for 1979 has been fixed at 1.8m tonnes.

In negotiations at the end of last year the Norwegian authorities accepted a 60/40 division of the catch in their favour, after starting by claiming 75 per cent. This means that almost all the reduction in the capelin fishing will fall on the Norwegian fishermen.

The Norwegian concession is not really due to big brother tactics by the Russians but to the Norwegian authorities' recognition that, with the introduction of the economic zones, historical fishing performance has to give way to geography. This is an argument which would work to their advantage in the North Sea. It is, however, difficult to accept for the Norwegians who fish the Barents Sea capelin.

Norway's sovereignty over a rocky volcanic island north-east of Iceland has never been disputed. But political and strategic considerations are forcing the Norwegian Cabinet to hesitate before declaring a protection zone around the island. William Dullforce reports.

The worst affected are the purse-seine fishermen from the Norwegian counties of Moere and Romsdal, who once fished herring off Britain and switched to capelin, when that source was stopped. Last year more of them sought capelin in the Jan Mayen area only to find that the Russians, too, had been increasing their fishing there.

Not unnaturally they have asked their Government to protect their fishing interests around an island which is a sovereign part of Norway. The Russians could scarcely have any legal objection and in fact have so far remained quiet.

The Norwegian Government's hesitation derives from other political and strategic considerations, concerned more with a NATO ally, Iceland, than with the Soviet Union. Iceland's 200-mile zone would overlap that of Jan Mayen and a median line would have to be negotiated. When the Icelanders proclaimed their zone and precipitated the third "cod war" with Britain in 1975, the Norwegians accepted the zone at once but put in a reservation about Jan Mayen.

Moreover, some Icelandic politicians and fishermen have argued that Jan Mayen is not entitled to an economic zone and that the Icelandic continental shelf extends up to Jan Mayen territorial limits. It is possible that the capelin caught off Iceland are from the same stock as those found off Jan Mayen.

The Norwegian Government is very conscious of the fact that, each time the Icelanders feel that their fishing interests are threatened, domestic opposition to the NATO base at Keflavik, close to the capital Reykjavik, tends to revive. Norway does not want any obstacles to arise to NATO's current programme for improving its capacity to reinforce Norway in an emergency. Iceland has an important role in that programme.

Despite the pressure from its fishermen, the Norwegian Foreign Ministry has, therefore, adopted a cautious approach to the Jan Mayen issue. It has proposed that Norwegian and Icelandic marine biologists together examine the Jan Mayen capelin stock and its migratory pattern and it has told Norwegian fishermen that it needs more time for diplomatic soundings in Reykjavik.

A report from the biologists is expected by the end of May but it may take longer for the two governments to arrive at the compromise over fishing rights and the legal terminology which will have to precede the declaration of an economic zone around Jan Mayen.

Bankers concerned at dollar's strength

By David Marsh in Basle

CENTRAL BANKS from the main industrial countries have reached an informal consensus that the dollar's strength on international foreign exchange markets has become somewhat exaggerated. This emerged during the regular monthly meeting of leading central bankers at the Bank for International Settlements which ended here yesterday.

The central banks of the U.S., Japan, West Germany and Switzerland have been intervening concertedly in the past few days to brake the rise of the dollar. Dollar sales by the Germans and Swiss are said to have been particularly large.

Although generally pleased at the dollar's recovery since the end of last year, the central banks do not want it to go too far. The Bundesbank, Bank of Japan and Swiss National Bank have all expressed concern in Basle this week at the inflationary impact of higher import prices caused by their currencies' relative devaluations over the past few months.

One central banker at the meeting stressed that central banks have not reached any agreement on setting a "target zone" for the dollar. "But we are interested in seeing that the dollar's fluctuations—upwards as well as downwards—are kept within limits," he said. This was the reason for the Bundesbank's unusual open sale of dollars at the Frankfurt fixing on Monday, a measure agreed in advance with the New York Federal Reserve Board "to show that the dollar's advance had become overdone."

Although the pound, in contrast to the Deutsche Mark, Swiss franc and yen, is very strong, Britain has also participated in the concerted action.

On Friday, the Bank of England ended its policy of holding down sterling through buying large amounts of dollars, and it may even have sold small amounts of dollars on Monday, according to one central banker.

WESTERN SAHARA RIVALRIES

No end to desert war

BY FRANCIS GHILES

HOPES IN RABAT and some Western capitals that a compromise could be reached in the Saharan war after the recent change of leadership in Algiers appear to have been dashed.

The newly elected Algerian president, Colonel Chadli Benjedid has confirmed his country's support for the Polisario Front and its fight for the independence of the former Spanish territory of the Western Sahara, which Morocco and Mauritania divided between them four-and-a-half years ago. The late Algerian President, Houari Boumedienne backed Polisario though its cause has never been very popular in Algeria.

In many respects the Western Saharan conflict is a genuinely regional one. The leadership of the Maghreb is at stake which explains why neither Algeria nor Morocco is willing to back down. The suffering of the Sahrawis, meanwhile, is real but of little concern to either major country.

King Hassan has staked much on Morocco's retention of its share of the former Spanish colony. He announced recently that Morocco was forming a National Defence Council to shape a new policy and described the military situation as being "on the threshold of the intolerable." This was a reference to the recent attack by a Polisario Land-Rover column against Tan Tan, a town well within Morocco itself. Never had Polisario hit an objective so deep in Moroccan territory.

The National Defence Council will include the leaders of all the country's political parties, including Abderrahim Bouabid, leader of the left wing USFP party who has steadfastly refused a Cabinet appointment.

While the King retains the support of all political parties and of his people, the cost of the war is bleeding Morocco.

So far the voices of dissent are confined to marginal left-wing groups. No dissent is apparent among the 89,000-strong armed forces but after the slap in the face received at Tan Tan, morale in some units is said to be low.

On the diplomatic front, the King's isolation has increased lately. While Spain has drawn closer to Algeria and Polisario in recent months, the list of countries which recognises the Saharan Democratic Republic grows steadily, albeit slowly. Tanzania did so before Christmas, a major breakthrough in Anglophone Africa, followed more recently by Vietnam and Ethiopia. Both Syria and Iran have sent encouragement to Polisario, a very marked change in the case of the second. Before his downfall, the Shah had provided Morocco with a number of F5 fighters for use in the Sahara.

France has also shifted its position since last summer. President Giscard d'Estaing, at the time, approved the Madrid Agreement which, in November 1975, led to the partitioning of the Spanish colony. Before the coup in Mauritania last July, French Jaguar aircraft based in Senegal, repeatedly strafed Polisario columns but today, with Mauritania having effectively left the battlefield, and no French lives endangered, the French are urging King Hassan to negotiate.

So eager is France to lend a helping hand that as King Hassan was leaving Paris at the end of February after long talks with Giscard, a senior French official announced that a Hassan-Chadli meeting was expected before long. Algiers was quick to pour cold water on such a proposal.

King Hassan is understood to feel bitter about the unwillingness of the U.S. administration to sell him the low-flying reconnaissance aircraft and helicopters he needs for his forces to tackle Polisario effectively. Washington has also shelved plans to sell Morocco a $200m electronics surveillance system.

The U.S. does not recognise the annexation of the Western Sahara and since neither the Russians nor the Cubans are involved, Washington, no doubt, feels it has enough commitments elsewhere.

Mauritania meanwhile is left in the most unenviable position of all, effectively lacking the political and military weight to extricate itself from the conflict. After last July's coup in Mauritania, the new head of state, Colonel Ould Salek sought every means to pull his country out of a war which has all but ruined it.

He moved closer to the Moroccans and tried to suggest that if Polisario wanted to set up an independent state in the Mauritanian sector of the Western Sahara he would see no objection. The King vetoed such a move, so Ould Salek met Polisario leaders. That was greeted with strong objections from the pro-Moroccan faction in the Government.

At the end of 1978 Ould Salek used the unexpected death of the late Algerian president to try and mend his fences with Algeria by sending a high level delegation to Algiers for the funeral.

Last week his powers were effectively emasculated and a new strong man emerged: Colonel Ould Bouceif, who heads a newly set up Committee of National Safety. He will no doubt find the Gordian knot as difficult to untie as his predecessor.

Most of the 8,000 Moroccan troops stationed in Mauritania are still there despite Hassan's promise last autumn to remove them by March 30 this year. Polisario guerrillas have meanwhile infiltrated the Mauritanian part of the Western Sahara since the ceasefire between the guerrillas and Mauritanian troops last July.

From there, they have been mounting increasingly bold operations against the Moroccan armed forces, hitting them not only in the northern part of the Sahara but in Morocco proper.

The Algerian leadership dare not stop supporting Polisario since the credo of the country's foreign policy is to provide support for liberation movements, all and sundry.

In Morocco all political parties continue to support the annexation of the Western Sahara but they are increasingly alarmed at what the left-wing newspaper Liberation recently called the "diplomatic setback of our national cause."

The deepening isolation of King Hassan internationally heightens the risk that war between his country and Algeria will come to be seen as the only way out of a tight corner. The observer must, however, credit the King with a remarkable capacity to survive. Neither he nor Algeria wants a war which could spell disaster. As this crisis approaches its fifth anniversary, it looks more insoluble than ever.

Iranian oil company purge

BY SIMON HENDERSON IN TEHRAN

THE BOARD OF the National Iranian Oil Company (NIOC) is expected to be changed in the next few days as part of the purge of officials associated with the Shah's former regime. But there are fears of the consequences of this action on the revival of Iran's oil production.

Although those most expected to go have been close supporters of the Shah, the future of several of the company's most experienced professionals is also in doubt. Mr. Hassan Nazih, the new chairman of the NIOC, who is close to Ayatollah Khomeini, refused to accept the board's resignation—a formality made to any new chairman—when he took over after the revolution two months ago.

That policy enabled him to keep together an experienced team which has successfully revived oil production from a minimal 235,000 barrels a day to the present total of about 4.3m b/d.

Uncertainty over the future of personnel resulted in a memorandum being issued by Mr. Nazih two weeks ago saying that no changes were being made until studies on the matter were ready.

These are now complete and the first changes are expected only to affect the board. But others later are likely to affect senior management levels. *The National Iranian Gas Company* already has a new, post-revolutionary set of management and board of directors.

Iranian exports are now averaging 2.4m b/d. Oil experts are not certain whether the total production figure of 4.3m b/d for Sunday represents a new general level or was an exception. They express surprise at the sudden jump in production from around 3.1m b/d of last week, a figure which took a month to reach.

Initial oil exports from Iran have been made on the basis of spot sales to individual companies but the NIOC is now believed to be negotiating several longer term deals of three, six or nine month durations. Representatives of three American companies—Atlantic Richfield, Marathon and Ashland—are known to be in Tehran at present.

Meanwhile, 12 more former officials of the Shah's regime have been executed by firing squads in Tehran in the past 24 hours, the highest number of executions in a single day since the revolution two months ago.

But for the first time since the revolutionary courts started hearing political cases, there have been instances of acquittals or prison sentences *instead of the death penalty.*

Sixteen defendants have been acquitted and one Savak agent given three years' imprisonment, later reduced to one year, after he made a statement of repentence.

And in Geneva, the International Commission of Jurists has said the revolutionary tribunals are violating the "international covenant on civil and political rights" to which Iran is a party.

In a statement, which protested the recent execution of the former Iranian Prime Minister, Mr. Amir Hoveida, said it was "wholly regrettable that an attempt should be made to dismiss as undesirable . . . internationally accepted norms which are derived from all the great legal systems of the world, including that of Islam."

Iraq warns Soviet Union

By Ihsan Hijazi in Beirut

SADDAM HUSSEIN, Iraq's strongman, has issued a warning to all foreign powers, including the Soviet Union, against threats that may be aimed at Saudi Arabia.

Mr. Hussein, who is Vice Chairman of the ruling Revolutionary Command Council, was quoted by the state-controlled Iraq News Agency as telling visiting Arab athletes in Baghdad: "We must take up arms against any foreigner regardless of his political colour, who may violate Arab sovereignty."

He added: "We do not differentiate between a progressive, a Zionist or a Frenchman. Nor do we differentiate between Americans and Soviets. The Soviets—irrespective of their friendly formal ties with some of us—(Arabs), we cannot allow them to occupy Saudi Arabian territory. This is because Saudi land is not outside the Arab map, and what applies to it applies to the rest of Arab countries and territory."

This was the first time a prominent Iraqi declared open solidarity with Saudi Arabia against the danger of outside aggression.

Observers here have attributed the development to the new working relationship between the two Arab countries. Last February Iraq and Saudi Arabia signed a security agreement covering their common borders.

Observers were however puzzled as to why Mr. Hussein has singled out the Soviet Union in relation to outside threats to Saudi Arabia.

One explanation, they said, is the growing feeling that Iraq will treat the Soviet Union on equal basis with western powers, including the United States, where overall Arab security is concerned.

Cracks in Arab front for punishing Egypt

BY ANTHONY McDERMOTT RECENTLY IN AMMAN

TWO FRONT-LINE Arab States bordering Israel, Syria and Jordan, have reacted with significant differences to the resolutions passed at the Baghdad conference last month to isolate Egypt politically and economically.

They have a common starting point in that officials in both Damascus and Amman regard that conference as a dramatic illustration of pan-Arab unity against the treaty between Egypt and Israel, particularly because Saudi Arabia did not withdraw.

But the differences are many. Syria sees the conference merely as a starting point. Officials draw attention to the clause in the resolutions which gives individual States the opportunity to escalate their actions against Egypt. They talk openly of the inevitability of President Sadat being toppled because of his "treachery."

By contrast, Jordan feels deeply bitter at being "betrayed" by President Sadat. Jordanians regard the Baghdad resolutions as a means of inducing the Egyptian leader to reconsider the treaty and to return to the pan-Arab fold.

The Baghdad resolutions have undoubtedly been of greater benefit to Syria than Jordan. First, they have given Syria, which is apprehensive about being drawn into a fight with Israel, particularly in Lebanon where Damascus has 26,000 troops, a specific diversion to concentrate on. That is the complicated task of withdrawing the Arab League and other economic and political organisations from Cairo.

Secondly, the display of Arab unity has provided some sort of an alternative to an even closer alliance with the Soviet Union, which was being actively considered. Thirdly, building on the base of the proposed union with Iraq, Syria now senses that it has regained, at the expense of its long-standing rival Egypt, its rightful position as leader of the Arab world.

For Jordan, the implications are more complicated. Like Syria, it stands to lose little economically from carrying out the Baghdad resolutions against Egypt. But adherence to this move to isolate Egypt has meant that Jordan finds itself in a more militant position over the search for a settlement in the conflict with Israel than it generally finds comfortable.

Part of this discomfort stems from the 1974 Arab summit conference in Rabat which virtually handed over responsibility for effecting the return of the Israeli-occupied West Bank to the Palestine Liberation Organisation. The Jordanian Government still feels obliged to observe this constraint.

In the meantime, under the impetus of directives from the office of Crown Prince Hassan a series of studies have been set up, ultimately to be presented to the United Nations or UNESCO, on the effects of Israel's occupation of the West Bank.

But Jordan's enforcedly more radical position has had internal reperucussions, giving encouragement to the counterparts of this stance within the country. In the past few days there have been minor clashes between Palestinians and East Bankers at Amman University sparked off by the Egypt-Israel treaty. Such outbreaks always contain the risk of escalation into hostility against King Hussein.

Heavy Tanzanian barrage hits Uganda's capital

BY JOHN WORRALL IN NAIROBI

TANZANIAN ARTILLERY laid down the biggest barrage of the Uganda war yesterday, pumping shells into Kampala for about 90 minutes without a pause.

One shell exploded at Mulago hospital and Ugandan informants in touch with the city said that a doctor had been killed. Another shell exploded on a hall of residence at *Makerere University*, causing considerable damage. Some of President Idi Amin's troops are quartered in the university residences, which have been shelled sporadically for two days.

But Uganda rebel forces did not follow up the shelling by moving into the capital, where President Amin is thought to have about 1,000 men in strongly-defended positions.

In addition to the Tanzanian artillery barrage against Kampala, Ugandan rebels were said to be firing rockets into the populous suburbs, according to one diplomat. Casualty figures are not known, but a number of people were reported to have been killed and wounded. The rockets are believed to have been provided by the Chinese, who supply arms to Tanzania.

A power cut which blacked *out Kampala was said* to have been caused by sabotage at the Owen Falls hydro-electric plant at Jinja. Radio Uganda went off the air at midday. There was also a power cut in the Kenyan capital Nairobi. Some 14 per cent of Kenya's power comes from the Owen Falls.

Diplomats said that President Amin failed in attempts to recapture Entebbe airport on Monday. He launched a strong attack with his Malire and Bondo regiments, but only reached four miles down the Entebbe road from Kampala.

Tony Avingan, an AP correspondent, who flew to Entebbe with Tanzanian forces last week has reported on the situation there. He writes:

Tanzanian army officers, resting after capturing the international airport there, estimated at the weekend that 400 Libyan soldiers had been killed in several days of fighting.

The Tanzanians estimated that fewer than 1,000 Ugandan soldiers had been killed in the war so far, along with a smaller number of Tanzanians. They attributed the low casualty rate to the intermittent nature of the fighting and the fact that Amin's soldiers often retreated as the invaders advanced without engaging them.

Rhodesia bombs guerrilla bases

BY TONY HAWKINS IN SALISBURY

RHODESIA yesterday announced a new bombing raid against Patriotic Front guerrilla targets near the Zambian capital of Lusaka.

The communiqué, from Combined Operations HQ in Salisbury, same as white, coloured and Asian voters went to the polls in the four-contest European constituencies, in the first stage of Rhodesia's majority rule elections.

"Intelligence has revealed that current and future terrorist operations from Zambia into Rhodesia are under known Russian direction and control," the communiqué added.

The Rhodesian warplanes—all of which had returned safely to base—had struck at a military headquarters and war council base of Joshua Nkomo's ZIPRA guerrillas six miles west of Lusaka.

On many occasions the Russians, Cubans and East Germans have been accused of providing training personnel, material and equipment. But this is the first time Rhodesia has suggested that the guerrillas are under "Russian direction and control."

The Patriotic Front, led by Mr. Nkomo and Mr. Robert Mugabe, has promised to disrupt the elections

The impression is gaining ground that the guerrillas have either left their attack against the elections too late, or have decided to hold their hand and step up the war after the many reservists mobilised for the election have been stood down.

Meanwhile, remarks reported to have been made by Mr. Francis Pym, Conservative foreign affairs spokesman, suggesting that a Thatcher Administration would recognise the new State of Zimbabwe Rhodesia and lift economic sanctions, have been welcomed

Voting in the four white constituencies yesterday was reported to be steady but with little interest in the seats, all of which are expected to be won comfortably by Mr. Smith's ruling Rhodesian Front.

China guidelines reassure West

BY COLINA McDOUGALL

GUIDELINES FOR China's new retrenchment in economic development have begun to emerge which should reassure westerners that although Peking may have postponed or cancelled a number of contracts and deals, it intends to maintain trade, co-operation and introduction of advanced techniques from abroad as far as possible. It is also still planning to accept foreign investment.

This was confirmed last weekend by Vice-Premier Gu Mu Min in charge of the State Capital Construction Commission, which nearly three weeks ago announced that China was cutting back a large number of industrial projects.

This overall retrenchment was necessary because of shortages of foreign exchange, poor planning and over-extended supplies of raw materials and fuels. However, it is now clear that Peking is trying to cut back the construction of the less efficient, less modern plants to allow space for the more advanced to flourish.

Plants under local jurisdiction which consume precious supplies of power and overburden the transport system, seem likely to be suspended in favour of more sophisticated centrally planned ones.

Priority now is to go to investment which can produce a quick return. Light industry is getting a larger slice of funds, while within heavy industry coal, power, oil, transport and construction material plants are to come first. Steel, which has never performed efficiently in China is being down-graded.

Press reports have shown how uncontrolled the planning and construction of new plants in China had become since the policy promoting economic growth and local initiative was introduced about 18 months ago.

The atmosphere of discussion and experiment so evident in other fields which produced the explosion of poster demands for greater freedoms also appears to have had its effect on officials. New management methods, like the payment of incentive bonuses, became out of hand to the point where workers refused to work at all unless they were paid extra.

With the nationwide retrenchment, recent stress in provincial radio broadcasts has been on renovating and improving existing plant to increase production. This was underlined by a report from Hong Kong yesterday which said that instead of building a China of new hotels, Peking is planning to modernise the present ones. Shanghai Radio said recently that waiting for imports is wrong, though advanced skills, experience and management from abroad must still be absorbed.

This appears to confirm that China still envisages a considerable role for foreign technology.

Mr. Gu's remark that appropriate legislation to cover foreign investment is currently being drafted, plus China's recent borrowing from Arab and British banks, implicitly confirms that Peking has not renewed the ideological objections it held in the days of the so called Gang of Four to foreign loans and intends to continue as far as possible to import technology.

Nevertheless it seems possible that in the highly personal politics of Peking, the move back to more traditional Chinese Communist policies may imply a drop in the influence of the man who seems to be the architect of the import programme, Vice-Premier Deng Xiaoping.

Lance 'helped oilmen' in bribes case

BY OUR WASHINGTON CORRESPONDENT

MR. BERT LANCE, President Carter's former Budget Director, used his White House connections last year to arrange a meeting to help two American oilmen over a Qatar oil concession which they had earlier paid a $1.5m bribe for, according to the U.S. Justice Department.

The Department in filing its suit against the two American businessmen connected with the Holcar Oil Corporation, alleged the bribe payment was made to Mr. Ali Jaidah, while he was Qatar's Director of Petroleum affairs. Mr. Jaidah subsequently served as Secretary General of the Organisation of Oil Exporting Countries (OPEC) from 1976 to 1978, and is still with the organisation.

Both defendants, Mr. Eugene Holley and Mr. Roy Carver, have agreed to a consent order settling the suit, which forbids them from making any further payments of this nature to foreign officials.

The Justice Department said the $1.5m payment was made through a Swiss bank account to Mr. Ali Jaidah, who left his Qatar post shortly after. In early 1978, a new Director of Petroleum Affairs in Qatar informed the Holcar Company that its concession had been terminated.

Mr. Holley then allegedly sought Mr. Lance's help, and the former Budget Director, who was forced to resign in 1977, arranged a meeting for Mr. Holley with State Department officials.

TOP: Mr. Ali Jaidah, and below, Mr. Bert Lance

Mr. Lance has not been charged in this suit, but a federal grand jury in Atlanta is investigating his banking practices while he was head of the National Bank of Georgia. In addition, there is also a special investigation of the allegations that Mr. Lance improperly gave preferential loan treatment to President Carter's family peanut business.

Teamsters talks near agreement

BY JOHN WYLES IN NEW YORK

TEAMSTERS' UNION leaders yesterday raised hopes of an early end to the 10-day shutdown of a large portion of the U.S. trucking industry. Before negotiations resumed yesterday morning, Mr. Frank Fitzsimmons, the union's president, said that he hoped to secure an agreement with the trucking employers sometime during the day.

At the end of Monday's resumed peace talks, which went on to the early hours of yesterday morning, Mr. Wayne Horvitz, Director of the Federal Mediation and Conciliation Service, reported that some progress had been made but cautiously stressed that problems still remained.

While Mr. Fitzsimmons's optimism could have been a tactical ploy, what few details are known indicate that the gap between the two sides is not large — possibly no more than 2 per cent on the total cost of the contract over three years.

But the trucking employers will be anxious for Government endorsement of any pact so that they can be sure of being allowed by the Interstate Commerce Commission to recoup higher employment costs through freight increases.

The last fairly clear indication of the Government's position was that it would tolerate a deal costed by the employers at more than 30 per cent over three years. After waiving its pay restraint guidelines to exclude certain payments, Administration sources were claiming that these proposals were broadly in line with the anti-inflation policy.

But deadlock arose over the union's demand for semi-annual cost of living payments for its 300,000 members instead of the annual increases on offer.

The shutdown, which began as selective strikes and was extended by an employers' lockout, is the longest in the industry's history. Although the car industry is hardest hit, some of the impact is being softened by the fact that some trucking companies covered by the national agreement are still operating.

According to Mr. Fitzsimmons, 1,000 of the 11,000 companies which operate the agreement have bought peace by signing agreements to operate contracts which apparently meet the union's unsatisfied demands.

Arentina prices rise

BUENOS AYRES — The cost of living in Argentina, a major concern of an increasingly restive labour movement, rose 7.7 per cent in March, the Economy Ministry has reported. The increase, led by sharp rises in the costs of school supplies, medical care, clothing and construction, put the consumer price index at 21,828, compared with a base of 100 in 1974.

The index has risen 167.3 per per cent in the past 12 months. Wholesale prices rose by 7.9 per cent in March.

Announcement of the figures, which put inflation in the first quarter of the year at 30.6 per cent was expected to give new impetus to demands by unions seeking hefty wage increases.

Cost of living increases of 12.8 per cent in January and 7.4 per cent in February prompted sporadic strikes by workers

AP-DJ

Accident 'raises new reactor problems'

BY OUR WASHINGTON CORRESPONDENT

THE Pennsylvania nuclear accident raises technical and procedural problems for about 43 of the 72 operating reactors in the U.S., and was not simply caused by human error on the part of the company operating the Three Mile Island reactor, a key Government safety committee has concluded.

The Advisory Committee on Reactor Safeguards has made certain far-reaching recommendations to Mr. Joseph Henrie, chairman of the Nuclear Regulatory Commission.

Mr. Henrie yesterday promised Congress that his agency would "take whatever steps are necessary," to prevent accidents such as that in Pennsylvania occurring again.

The committee's key recommendation is that all pressurised water reactors should be provided with new instruments to give operators "an unambiguous indication of the level of the fluid in the reactor vessel."

According to the NRC, the accident at Three Mile Island was greatly aggravated when an eroneous pressure reading led an operator there to turn off the emergency cooling system.

Overheating led to considerable damage to the reactor's fuel core, and to subsequent radiation, the NRC adds.

Pessurised water reactors are one of the two basic types in the U.S. and companies building this type include Babcock and Wilcox, makers of the Three Mile Island plant, and Westinghouse.

General Electric, by contrast, specialises in boiling-water reactors, which do not appear to face the same problems.

The Governor of Pennsylvania has declared the crisis at the damaged Three Mile Island plant over, and has advised pregnant women and young children that they can now return to their homes in the area.

He had previously advised them, on the NRC's advice, to keep five miles away from the plant because of the danger of radiation.

Trudeau promises new oil pipeline

A LIBERAL Government would be prepared to spend a total of $C4bn (£1.66bn) on new oil initiatives if re-elected. Prime Minister Pierre Trudeau is expected to announce expenditure of C$3bn on an oil pipeline running south from Skagway, Alaska, and another C$1bn on a fourth project on the Athabasca oil sands in northern Alberta.

The pipeline would be built to avoid having oil transmitted by tankers down the west coast, with its high risk of catastrophe and pollution. Last year the Canadian Government turned down a proposal to build a C$750m oil pipeline to Edmonton from coastal Kitimat, British Columbia.

Meanwhile, the number of unemployed in Canada in March rose to 976,000 from 954,000 according to the Government statistics branch.

Gate shuts on Pakistan's nuclear path

BY DAVID BUCHAN IN WASHINGTON

A LEADING Pakistani nuclear scientist works for a spell at the gas centrifuge uranium enrichment plant in the Netherlands run by Urenco, a Dutch-German-British consortium, then returns home. Later, Pakistani buying missions spread out to West Germany, the Netherlands, Britain, even Japan and the U.S. in search of tubes of special alloys, high-frequency electrical converters, and certain other items.

Singly, these events hold no dark significance, but taken together, particularly when some of the items bought are apparently shipped back labelled textile equipment, suspicion begins to form.

Add in two further facts. France last year dropped, under U.S. pressure, its plan to sell to Pakistan a reprocessing plant to separate plutonium out of spent uranium. Second, Pakistan has no civil nuclear power plant that could use enriched uranium — its only operating reactor is a Canadian-built heavy water plant which uses natural uranium.

By early this year the State Department had come to the conclusion that Pakistan was building its own uranium enrichment plant — The Central Intelligence Agency has since checked out the site—with the very strong possibility that it intended to produce its own bomb within three to five years.

But still the State Department dithered, conscious of the U.S.'s weak leverage on Pakistan and of the importance of that country to the U.S. in the wake of recent events in Iran and Afghanistan.

It sought assurances through diplomatic channels, even sending Mr. Warren Christopher, its Deputy Secretary of State, to Islamabad in early March. But evidently what the Pakistanis had to offer in the way of international safeguards was not enough. Rumours percolated from the European Press through to the Washington Press and the Department's hand was forced last Friday.

The U.S. has cut off all development aid to Pakistan—worth $40m in the year ending this October and $45m in the next fiscal year—plus a tiny amount of military aid, under an amendment to its 1978 nuclear non-proliferation Act which bars aid to states that do not allow international inspection of enrichment facilities.

Pakistan has angrily denied any intention of building a bomb, ascribing the U.S. move in part to a Zionist-inspired plot to stop Pakistan sharing advanced nuclear research with fellow Islamic countries.

U.S. officials feel that the aid ban — the most dramatic step yet taken under the Carter policy of actively discouraging the spread of nuclear weapons to countries that do not already have them — will caution suppliers of enrichment plant components that have, wittingly or not, done business with Pakistan. To this end, they have contacted other governments, including Britain's, and also claim to be tightening up their own export policy.

Otherwise, they admit the timing is terrible. Pakistan, in convulsions after the hanging of its ex-Prime Minister Zulfikar Ali Bhutto (incidentally, a strong advocate of a Pakistani bomb both while in office and in jail), is in the worst possible position to react to U.S. pressures.

The U.S. now believes that Pakistan has been contemplating an enrichment plant, ever since the Indians exploded a "peaceful nuclear device" in the nearby Rajasthan desert in 1974 and all through its negotiations with the French.

But the U.S. action is likely to put Prime Minister Moraji Desai of India under renewed pressure to continue his nuclear programme where the 1974 explosion left off — just at a time when the U.S. is hoping to negotiate a new nuclear safeguards agreement with the Delhi government.

Pakistan is the biggest test so far of President Carter's non-proliferation policy. But other tests loom. The 1978 Act provides for a tightening of restrictions two years after its passage, in March 1980.

The U.S. will be required to cut off nuclear fuel supplies to non-nuclear weapons states unless they agree to "full scope safeguards" on all fuel, no matter what its origin.

Opponents of Mr. Carter's policy say these heavy handed threats have shaken non-weapons states' faith in U.S. reliability as a supplier, and have undermined the policy's main plank: that non-nuclear countries should eschew the potential dangers of reprocessing or highly enriching fuel, because Washington will keep on supplying them with low enriched uranium out of his enormous stockpile. It is also argued that it is not by operating foreign built plants that non-nuclear countries get the know-how to build bombs, by having to do it all themselves.

The Administration answer is that knowledge about bombs cannot be stemmed. The only effective way is to deny countries, intent on creating their own nuclear panoply, the wherewithal to do so.

WORLD TRADE NEWS

Iran continues cutback of Western arms contracts

BY SIMON HENDERSON IN TEHRAN

IRAN'S NEW Government is further pruning its orders for defence equipment. The bulk of its remaining American contracts are being cancelled as are deals with West Germany and Holland.

The U.S. has been told that two destroyers, a Tang-class submarine and consignments of Phoenix air-to-air missiles and Harpoon ship-launched missiles worth a total of \$1.5bn (£725m), are no longer needed.

West Germany and Holland also understand that their shipyard orders are cancelled.

The Dutch company Rijn-Schelde-Verolme (RSV) was to build eight frigates worth at least \$800m. West Germany was to make four similar frigates at a later date, and had a more immediate order for the HDW shipyard of Kiel for six submarines worth \$500m.

The cancellations mean that the only foreign defence contracts remaining are residual ones with the U.S. of less than \$1bn covering spare parts and the supply of some technical services.

At the beginning of the year Iran's overseas order book was worth about \$15bn in defence equipment. About \$12bn worth of deals with the U.S. and Britain were cancelled at the beginning of February in the last days before the revolution.

Defence experts here said the cancellations reflected the complete lack of money and of skilled manpower in Iran. The armed forces efficiency has been seriously reduced since the revolution by desertions and a breakdown in discipline and normal chains of command.

In two cases the cancellations have come at the last minute. The Tang-class submarine was already commissioned and was on trials with a joint Iranian-American crew. The destroyers were also near delivery.

Revolutionary chaos has meant that the staff in the Iranian Ministry of Defence has been faced with an avalanche of inquiries from Western companies and Governments wishing to know the state of their contracts or seeking to impose penalty clauses.

Those involved say the administrative machine has been near paralysis.

Policy has also been confused. Two weeks ago, Admiral Ahmad Madani, the then-Minister of Defence, indicated that Iran was still interested in its remaining defence contracts.

The U.S. is intending to sell Israel some of the F-16 aircraft originally destined for Iran, as part of its support for signing a Middle East peace treaty. No formal discussions have yet taken place on Iran's earlier suggestion that America buy back F-14 Tomcat fighters, now too sophisticated for its purposes. Grumman, the aircraft's manufacturer, is resisting the suggestion, as it would mean its own future sales to the U.S. navy might be jeopardised.

Komatsu anti-trust hearing

BY RICHARD C. HANSON IN TOKYO

JAPAN'S FAIR Trade Commission (FTC) is to hold hearings on whether a contract between Komatsu and Bucyrus-Eri, a Wisconsin-based power shovels manufacturer, violates the anti-monopoly law. The FTC began its investigation last year.

It has been reported that Komatsu, the world's second largest manufacturer of construction machinery, feels the contract, which established a joint venture production company in 1963, is hindering its ability to do business. Komatsu is reported to have brought the contract in question to the attention of the FTC though Komatsu itself denies this.

The Komatsu-Bucyrus joint venture produces power shovels for use in mining and other similar operations. Komatsu entered the agreement at a time when it wanted to use U.S. technology to help establish itself rapidly. However the contract limits Komatsu's ability to export products to other countries and also binds it through Bucyrus patent rights. It is understood that Komatsu now wants to free itself of these limitations, particularly when potentially huge markets like China are opening up, offering opportunities for products developed by Komatsu itself.

The FTC investigation is proceeding under provisions in the anti-monopoly law which give it the power to review international contracts for clauses which represent unfair trading practices. Normally, the contracts are submitted to review within a month after signing and offending clauses are then eliminated before actual implementation.

The FTC has the power to order the elimination of contract clauses found in violation of the law. There has been a previous case involving a foreign company where a contract was found to be in violation of the law. In this case, the FTC won a Supreme Court ruling that the foreign company did not have the right to participate in the hearings.

U.S. urged to sell more

NEW YORK — Mr. Gak-Kyu Choi, South Korea's Minister of Commerce and Industry, has urged U.S. businessmen to hell more to Korea to help correct the trade imbalance in favour of his country.

He said Koreans have the impression that not enough is being done by American businessmen to sell to Korea, compared with the very aggressive sales drive being undertaken by Japan, the major competitor in the Korean market.

Mr. Choi told the U.S.-Korea Economic Council that Korea realised a trade surplus with the U.S. of \$587m (£240m) on exports of \$3.7bn and imports of \$3.1bn in 1978. But this trend, he added, is being reversed as Korea has registered a trade deficit of \$32m in the first two months of this year. AP-DJ

Ashley Ashwood

Mr. Bernard Lathiere (left), president and chief executive of Airbus Industrie poses with a Superman T-shirt which was presented to him by Sir Freddie Laker, chairman of Laker Airways, after the signing of a £250m contract for 10 European Airbuses.

Laker signs £250m Airbus deal

BY LYNTON McLAIN

SIR FREDDIE LAKER, chairman and managing director of Laker Airways yesterday ate his words describing the European Airbus as a "failure" when he signed a £250m contract for 10 of the aircraft.

His Airbus order is the first to be placed by a British airline and comes seven years after Sir Freddie said the Airbus was like a camel—built by a committee—and would be a failure.

There are now 187 firm orders and 97 options for the airliner and Sir Freddie was given a bold reminder yesterday that in January he admitted he had been wrong.

M. Bernard Lathiere, president of Airbus Industrie, signed the Laker contract, accepted a £125,000 deposit from Sir Freddie and gave him a blown-up photograph of his original note about "failure" with a signed footnote by Sir Freddie saying "I was wrong."

But Sir Freddie was not prepared to let the champagne ceremony at the Savoy, London go without a renewed call for lower air fares, this time in Europe.

He threatened to take the British and other European governments to the European Court of Justice for contravening the Treaty of Rome which stresses the need for free competition in the EEC. Sir Freddie said there is no such thing as "free competition" in the airline business in Europe.

He intends to press for the same freedom of competition in European air travel as led to cuts in fares on the north Atlantic.

Laker Airways announced its decision to buy ten European A-300 B-4 Airbuses at last year's Farnborough Air Show. The company also signed a contract, last year, for five more McDonnell Douglas DC-10s, after the Bank of England approved Laker's financial arrangements for the contract.

The DC-10s were financed through the Japanese Mitsui Corporation's Tokyo headquarters. Laker has not given details of funding for the Airbus order.

The Airbus contract values the aircraft at an average of £20m over the period of delivery to the early 1980s, with a further £50m for spares and training.

The Laker Airbuses will fly on the airline's inclusive holiday tour routes in Europe, operating from Gatwick Airport, Surrey, Manchester and the company's continental base in West Germany.

● Sabena Airlines transported 2,027,128 passengers in 1978, the first year the passenger load of Belgium's national airline crossed the 2m mark, AP reports from Belgium.

The airline's passenger and freight load factor reached 60.4 per cent last year—up 2.3 per cent compared with the previous year.

Meanwhile Antony Gibbs Holdings has concluded a loan agreement for £7.2m with Cathay Pacific Airways of Hong Kong. The loan will be used to assist Cathay in making payment to Rolls-Royce for RB211-524 engines and spares being supplied for Boeing 747 aircraft to be delivered to Cathay in July. The loan, which will be guaranteed by the Hongkong and Shanghai Banking Corporation, is being funded by Antony Gibbs, Lazard Brothers, the Mercantile Bank and the National Westminster Bank.

Cathay recently announced the purchase of three 747s and has options on a further three 747s.

Austrian Chancellor still hopeful of Ford or GM go-ahead

BY PAUL LENDVAI IN VIENNA

CHANCELLOR Bruno Kreisky is still optimistic that one of the two major car projects now under consideration by Ford and General Motors will be undertaken in Austria.

When asked about the reported statement by Mr. Henry Ford to put off a final decision about the location of a new \$1bn (£480m) Ford plant, Dr. Kreisky merely said that such a delay would also give Austria a free hand to negotiate about a similar big project with General Motors.

The Chancellor, in an interview, said he was optimistic about Austria's chances. Even before the Ford postponement, General Motors executives were studying various sites for smaller plants in Styria and Carinthia. The labour peace in Austria, coupled with a reported offer of investments grants totalling some Sch 4.5bn (£170m), is evidently regarded by American auto executives as a key argument in favour of choosing Austria.

Meanwhile it is also thought here that Ford's decision to put off a final decision may also be linked with a reassessment of the entire project in view of the *oil price increase*.

Furthermore the forthcoming election here on May 6 is also regarded as a stumbling block, since Mr. Ford is not exactly keen on giving propaganda trump cards in the hands of a Socialist Government.

Meanwhile Mr. Kurt Horowitz, the economic commentator of the leading Austrian Daily, Die Presse, has for the first time publicly expressed doubts about the economic advantages of the entire project.

He referred to such arguments as the oil price problems, the dependence on foreign know-how and marketing, and the question whether Austria should opt instead for different and brain-intensive technologies. He also added that Sch 4.5bn worth of grants could be better spent on financing much needed structural shifts in Austrian industry.

Final GATT agreement falls short of target

BY BRIJ KHINDARIA IN STRASBOURG

INDUSTRIALISED and developing countries participating in the Tokyo Round of trade negotiations meet in Geneva today in an attempt to conclude the five-year-old talks aimed at restructuring world trade.

The nations meet in the trade negotiations committee (TNC) of GATT. Before the TNC meeting there will be a series of separate accords covering the agreements which have been reached on reductions in tariff levels, removal of non-tariff barriers to trade, improvements in agricultural trade, and additions to the legal framework governing GATT.

But the TNC itself is likely to be less conclusive in its results than originally expected. In negotiations this week leading up to the TNC developing countries, backed by the Common Market, obtained significant changes in the text of a document which will be signed by TNC participants either today or tomorrow.

These changes water down the strength of the document concluding the Tokyo Round negotiations. For example, a form of words saying that the document "embodies the final substantive results" of the negotiations has been altered to say simply that the document embodies "the results" of the negotiations.

As formulated so far the document can be interpreted as leaving the door open for any delegation to claim that negotiations on the texts annexed to it are not complete. In addition it does not oblige governments to begin the process of approval.

The delegations have, however, agreed that rectifications made to the texts will be of a "purely formal character" and will not affect their "substance and meaning."

Bad debts and business failures show increase

BY TIM DICKSON

BAD DEBTORS and business failures during the first three months of 1979 were much more numerous than in the previous three quarters.

Manufacturers, notably in engineering but also in clothing and furniture and upholstery, were worst affected.

These are the main conclusions of the latest figures from Trade Indemnity, Britain's largest underwriter of credit insurance, which compiles statistics on the irrecoverable debts and business failures affecting its policyholders.

Altogether, 380 failures were notified to Trade Indemnity in the first quarter of 1979, against 308 in the last three months of 1978 and 340 and 359 respectively in the second and third quarters of last year.

The latest figure, however, compares favourably with the 438 failures reported by Trade Indemnity in the comparable period of 1978.

Building and construction and the engineering and metals businesses, with 124 and 62 failures respectively, are the largest single components in the latest total of failures. Engineering and metals increased on the comparable period last year.

Trade Indemnity's figures show fewer failures in 1977 and 1978 than in the previous two years, particularly at the retail and wholesale end of the furniture, carpet and clothing trades.

Retailing and wholesaling continue to reflect the consumer boom with a further drop in the number of failures in the first quarter of 1979.

Trade Indemnity, which provides an ancillary debt-collecting service, also reports a sharp upturn in the number and value of accounts referred for collection over the latest period.

Altogether 1,535 accounts, worth £1.9m, were notified to the company, the highest totals since the third quarter of 1977.

Law Society publicity will cost £400,000

BY JAMES McDONALD

THE LAW SOCIETY yesterday launched its largest advertising campaign, costing £400,000, and also a new consumer magazine, Exchange Contracts, designed for the home buyer.

The advertising will be entirely in the national and regional Press. Designed by Saatchi and Saatchi, it will provide detailed, practical information on the services solicitors can offer.

Exchange Contracts, an expensive glossy publication, will be produced quarterly by a new company, Home and Law Magazines, in conjunction with the Law Society. More than 200,000 copies will be given free by conveyancing solicitors in England and Wales to clients buying their own homes.

The publication, which will also be on sale for 50p at bookstalls, will outline legal pitfalls facing home buyers and contain articles by experts on home improvements, modernisation and furnishing.

Hospital plan

WOFK ON a new £10m general hospital in Lincoln will begin in September, the Trent Regional Health Authority announced yesterday. The main buildings, on a site next to Lincoln County Hospital, are due for completion in 1984.

Gambling laws 'hinder lotteries'

By Colleen Toomey

BRITAIN'S gambling laws are a hindrance to local authority lotteries according to Mr. Horace Cutler, leader of the Greater London Council. He said yesterday the upper limits on prize money should be lifted if London Lotteries was to be more profitable.

The lottery, made up of London's 20 local councils, celebrated its first anniversary yesterday with the launch of a new-style lottery ticket.

Littlewoods, the Liverpool-based pools giant, was at the second year launch — selling its "new-image" tickets to London mayors from the participating boroughs. Each 25p ticket carries a 10 to 1 chance of a prize — from 50p to a £1,000 jackpot.

In the last year local lotteries raised £2m for various community projects — money, made at a time when the future of such lotteries became increasingly uncertain.

The GLC has so far aided the Old Vic appeal, contributed towards saving Captain Scott's ship, the HMS Discovery, and sponsored a London art and photographic competition.

Local authorities get 40 per cent of lottery revenue. A further 40 per cent goes on prizes and the remaining 20 per cent covers the organiser's expenses and commission.

Neave assassins could still be in Britain, says Yard chief

BY COLLEEN TOOMEY

SCOTLAND YARD is working on the theory that the terrorists who planted a bomb in the car of Mr. Airey Neave are still in Britain.

Mr. Neave, Tory Shadow Northern Ireland Secretary, died after the bomb went off in his car as he left the underground car park at the Commons on March 30.

Artists' impressions of four men the Yard wishes to trace were issued yesterday and will be sent to police in the Irish Republic and forces throughout Britain.

Commander Peter Duffy, head of the anti-terrorist branch, said yesterday. "I believe that one of these men could have been the bomber, or there could have been more than one," he said.

He appealed to boarding-house landladies and small hotel-owners, particularly in Pimlico and Victoria, to contact the police if they recognised any of the men from theimpressions.

The bombers, he added, might have been living in London for some time in a "safe" house. He asked people who rented accommodation to see if they recognised the artists' impressions.

The bomb was a two-stage device incorporating a time-delay mechanism of up to 12 hours and an inertia tilt switch.

The clock opened the electrical circuit to allow a mercury contact to operate when the vehicle was at an altered angle, such as the ramp of the Commons car park, or because of heavy braking. It was small, the Commander said, about the size of a dictation cassettee, and contained not more than 1lb of military-type explosives.

Cmdr. Duffy warned people who thought they were potential targets not to park their cars unguarded in the street. He advised anyone who felt vulnerable to lock his car in a garage and check underneath it before driving.

General Accident drops crash claims scheme

BY ERIC SHORT

THE GENERAL ACCIDENT Group, the largest motor insurer in the UK, has abandoned an experimental scheme to speed up the reporting and settlement of motor accident claims because it failed to get the support of other insurers.

General Accident started its experiment in 1974 by asking 70,000 policyholders in the South West to keep an agreed statement of facts form in their cars and fill it in, with the other driver involved, after an accident.

The form was based on the European accident statement used successfully in France, West Germany, the Netherlands, Belgium and the Irish Republic. It provided a basic record of agreed facts, such as names and addresses of drivers, owners, witnesses, direction of travel of the cars at the time of the accident and their position after impact. The other driver would send a copy of the completed form to his insurers. Even if he refused to co-operate, the form was still useful for recording facts on the spot.

General Accident says that in most accidents where it was the insurer for both motorists, the forms facilitated the settlement of claims. But other insurers were reluctant to support the scheme, mainly because of costs and the existence of current claims agreements between UK insurers.

Mr. John Sheather, assistant general manager (UK), said the company was still enthusiastic, and believed that a similar scheme would eventually be implemented.

Engineering jobs boost for Northern Ireland

MORE THAN 100 new jobs are expected to result from a joint investment in an Ulster engineering company by a U.S. corporation and the Northern Ireland Development Agency.

Mr. Ralph Ehrmann, chairman of Clabir Corporation of Connecticut, has signed an agreement with Mr. Roy Mason, Secretary of State for Northern Ireland, for an investment in Everton Engineering, the Newtownabbey-based engineering company.

Everton, which handles heavy fabrication work, and makes equipment for the power generation industry, is part of Wharton Engineers, of Elstree, London.

Clabir and NIDA will invest new equity capital in Wharton Everton as part of a major re-financing of the companies.

Winter sea link to Scandinavia

MR. J. M. ROMSLO, managing director of North Sea passenger traffic for the Fred Olsen Bergen Line, said yesterday that next winter the company hoped to carry 50,000 passengers between the Tyne and Scandinavia. It wants to recoup traffic, the fall in which is blamed on the strengthening pound and the novelty to Norwegians of shopping in the UK wearing off.

Code of practice for photographic trade

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A CODE of practice for the photographic trade was laid down yesterday by the Office of Fair Trading and seven trade associations.

The code is aimed at reducing the number of complaints about cameras and film processing received by the office, at present about 3,000 a year.

The associations supporting the code represent retailers, manufacturers, importers, film processors, repairers, and professional photographers. The scheme covers about 16,000 companies, accounting for more than three-quarters of the total UK photographic trade.

Guarantee

A particular target of the code is the activities of "rogue" photographers, who overcharge, produce poor quality work, or fail to turn up at weddings.

"Many a bride's big day has been ruined because she has been let down in some way by the so-called professional photographer," the Institute of Incorporated Photographers says. The institute is one of the seven associations supporting the code.

Under the code, companies agree to provide detailed information on the operation, care and maintenance of cameras. Other points include giving delivery dates in writing, displaying prices, and carrying out repairs within 21 days.

Mr. Gordon Borrie, director-general of Fair Trading, said he believed the code would guarantee customers efficient and sympathetic treatment.

"I am also pleased to see that retailers are encouraged to give their staff more training, both in dealing with the public and in technical knowledge," he added.

But he was "somewhat disappointed" that the code was not more forthright about compensation by processors and retailers when films are lost or damaged.

Homes and jobs worry rural communities

THE HIGH cost of housing and lack of jobs in the countryside are highlighted in a report published yesterday.

In the report — Whose Countryside? — the Standing Conference of Rural Community Councils says that these two problems are causing many younger people to leave rural areas.

The average price of houses in national parks and areas of outstanding natural beauty is significantly higher than in adjacent urban areas. A Government survey of houses sold in 1974-75 showed that in four of the five districts in the North of England containing large areas of the kind mentioned, average prices were at least 30 per cent above the regional average.

The rural community councils point out that difficulties of communities in attractive countryside are worsened by their designation as areas of natural beauty. Designation, the report says, tends to restrict building and the development of workshops and businesses.

The standing conference says it wants the beauty of the countryside maintained, but not at the expense of residents.

It recommends better co-ordination between government departments and agencies in planning for areas of natural beauty and greater local involvement in the administration of such areas.

Big increase in Port of Tyne traffic flow

THE PORT OF TYNE has had its most successful year since the Port Authority was formed in 1968.

Cargo movements through the port rose from 4.87m tonnes in 1977 to 5.06m tonnes and the number of passengers using the ferry services to Norway, Denmark and Sweden increased by 40,000 to 212,000.

The net operating surplus for the year was £831,982 and capital expenditure amounted to £1.22m.

The authority is to spend £¾m on improving facilities at one of its roll-on, roll-off berths at Tyne Commission Quay, North Shields. The paved area for container parking will be improved and the passenger reception building and car park will be enlarged.

Newton first edition tops list at £5,000

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S yesterday completed its two-day sale of medical and scientific books for a final total of £100,260. Top price was the £5,000 from H. M. Fletcher for a first edition in English of Newton's *Mathematical Principles of Natural Philosophy*, Riley-Smith gave £2,500 for William Harvey's *Anatomical Exercises*, a first edition. Fletcher also acquired a rare first edition of Harvey translated into Dutch for £1,850.

Two minor sales at Sotheby's covered ceramics and, at Belgravia, Victorian paintings. The first had a top price of £560 for a German porcelain snuff box of 1760 and the second of £1,100 for *Mothers and Their Chicks*, a pair of Octavia Campotosto.

There were two very high prices at Christie's auction of coins: a dekadrachm, signed Kimon, struck around 425 BC at Syracuse, Sicily, sold for £7,500 to Saunders, the London dealer, and a similar coin, this time signed by Euainetos, went to Spink for £5,200. The sale totalled £66,863.

Phillips organised an auction of firemarks and sold a lead firemark of Glasgow Insurance for £650. It dates from between 1805 and 1841, when the office was in business. A rare Newcastle fire office mark sold for £460 and a Church of England firemark made £220.

Jewels at Christie's South Kensington brought £26,842. A pair of diamond cluster chandelier earrings sold for £1,500.

UK NEWS

Oscar boosts EMI profit hopes

BY ARTHUR SANDLES

EMI's prospects of a sizeable cash return on its investment in the controversial but much acclaimed film The Deer Hunter have been further enhanced by its winning the Oscar for the Best Film of 1978.

An Oscar is normally regarded as worth at least £3m at the box office. The film world would be surprised if this picture did not gross at least ten times that figure this year.

The U.S. Academy Awards—the Oscars—may be the subject of occasional critical contempt for alleged over-reflection of the views of a conservative Hollywood establishment, but in money terms they are invaluable to film-makers.

EMI, still riding a financial storm attributed to problems in the medical Scanner market, has been criticised for spending much of its film investment cash on production in the U.S.

Lord Delfont, head of EMI's films and entertainment division, has always insisted that that was essential if the group was to enter the international big league.

He said yesterday that winning the Best Film award and four Oscars by The Deer Hunter proved that the policy of making many films in the U.S. was the right one.

At this stage it is difficult to estimate the likely gross receipts of the film, which is high in the U.S. top ten list of film receipts and in the London top three.

On the records of Star Wars, Saturday Night Fever, The Godfather and Jaws, receipts of £100m or more are possible.

The Deer Hunter, set during the Vietnam War, is an X-certificate picture with arguably a narrower appeal base than these.

Chief replaced

ILLNESS prevents Mr. Raymond Hill, senior vice-president of the Institution of Civil Engineers, from taking up the presidency of the institution in November, it was announced yesterday.

Mr. William Geddes, a vice-president of the Institution, will replace him as president for 1979-80.

Move to force Companies House to open its doors fails

BY COLLEEN TOOMEY

LEGAL ACTION to force Companies House to open its doors to private users—they are closed because of the civil servants' pay dispute—failed in the High Court yesterday.

Inter Company Comparisons, publisher of financial surveys and other business information and one of the biggest private users of Companies House, took action against the Registrar of Companies and the Department of Trade. The plea cited the Registrar's failure to make available information under the 1948 Companies Act.

This was dismissed by Mr. Justice Neill in the Queen's Bench Division, as the Crown Protection Act made it impossible for the court to issue an injunction against a servant of the Crown (and the Department of Trade).

Since the end of February, action by counter clerks has closed down company search facilities in London and Cardiff, severely disrupting registration of companies and other activities.

Inter Company Comparisons pointed out that while other staff were working normally, Government Departments were continuing to obtain information not available to other users. It took legal action after a request for similar access to facilities at Companies House was refused.

Almost all of its more than £1m a year turnover is gained from supplying information provided by Companies House. Mr. Tony Jewitt, chairman of Inter Company Comparisons, last night estimated that about 50 per cent of turnover had been lost since the end of February and that the figure would increase quickly.

The company also sought damages for the failure or refusal of Companies House to grant it access to facilities. Mr. Jewitt claimed last night that the company's plea for damages remains.

Truck output buoyant, but car production declines sharply

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CAR PRODUCTION in the UK eased back in March from the February level and remained well below the output for the same month last year. Truck output was more buoyant.

According to Department of Industry figures, seasonally adjusted production of cars in March was 113,000 compared with 121,000 in the same weeks of 1978.

As March was a five-week month, output represented an average of 22,600 a week against 26,000 a week in February.

Production of commercial vehicles at 40,100 for March was, however, above the 35,400 achieved in March last year. But it worked out at 8,020 vehicles on average a week whereas the comparison for February was 9,425.

Problems

Commercial vehicle production this year has had a good run, apart from the problems associated with cut-backs during the lorry drivers' dispute in January.

In March car output was affected by a ten-day strike at Vauxhall's Luton plant, while assembly at BL's Triumph factory in Coventry was halted for several days and there were lay-offs towards the end of the month at Chrysler's Linwood plant in Scotland, because of a walk-out by some employees.

● Eight engineers from Honda, the Japanese group in talks with BL, yesterday visited the BL plant at Speke on Merseyside.

The plant produces bodies for the Dolomite and components for the TR-7 sports car which are assembled in the Midlands.

The Honda engineers will tour other BL plants later.

Meanwhile, in Tokyo Sir Leo Pliatzy, permanent secretary at the UK Department of Trade, says he has been told that the Japanese Government supports the co-operation moves between Honda and BL.

Treasury investigates possible breach of dollar premium rules

BY JAMES BARTHOLOMEW

THE ENFORCEMENT Branch o fthe Treasury is investigating a possible breach of the dollar premium rules.

Two pople, one of them a West End solicitor, are under investigation, the Treasury said yesterday. The possible breach of the rules was through allegedly wrongful claiming of the tdollar premium on the sale of foreign securities.

The premium had allegedly not been paid when the securities were purchased and so could not be rightly claimed back when they were sold. The dollar premium is the extra amount which UK investors pay to make portfolio investments abroad.

The Treasury has written letters of direction to authorised depositaries, such as banks, and stockbrokers withdrawing the exchange control permissions previously granted to the solicitor.

It has also blocked the assets of both men under section 41 of the Exchange Control Act 1947. These are the standard procedure in such cases and the investigation is not at an advanced stage yet. The two men are thought to be abroad.

Fulham offer on £400,000 debt

BY ANDREW TAYLOR

FULHAM Football Club, ordered by the courts to pay a £400,000 debt, said yesterday that it had made a "reasonable" offer to Financial and General Securities. The company had given the club until midnight last night to settle in full.

Mr. Brian Dalton, Fulham's finance director, said: "We think we have made them a very reasonable offer and we are now waiting for them to come backq to us. Meantime we are in a state of limbo."

Fulham originally owed the money to Sir Robert McAlpine for construction of the new Riverside Stand at the club's Craven Cottage ground. McAlpine disposed of the debt to Financial and General Securities.

Last week Financial and General gave Fulham seven days to pay. Otherwise, it said, it would seek to enforce a court order requiring Fulham to repay the 400,000, which includes a large sum due in inteeest payments.

McAlpne has said that it assigned the debt to Financial and Geneal only on the strictest assurance that soccer would continue to be played at Craven Cottage.

Nuclear sites may be hard to find

By David Fishlock, Science Editor

FINDING ENOUGH sites for nuclear power stations may become a major problem after the end of the century, says a report on energy development and land use by a group of professional institutions.

Beyond the year 2,000 an increasing number of "near-urban" and "river" sites may be found for nuclear stations, suggests the Watt Committee on Energy.

The Watt Committee, under the chairmanship of Dr. Jack Chesters, examines Britain's energy requirements from the standpoint of seven possible energy "scenarios" proposed by the Department of Energy.

The committee finds that land is available to implement any of the seven, with the possible exception of finding enough sites to fulfil a high-growth energy programme in the next century.

It says that the main coalfields are geographically concentrated, and that future developments will be concentrated in existing fields.

Large-scale development of wind and wave resources would have implications for land use in specific regions, such as the north and west of Scotland.

Links to the national electricity "grid" would be needed, and big problems of visual impact and other environmental issues would arise.

Each aerogenerator (windmill) would need 25 hectares of land or sea to function efficiently.

The report estimates that 1m tonnes of coal-equivalent a year would require 639 1-megawatt aerogenerators on hills, or 2,300 1-MW aerogenerators on exposed coastal belt sites.

Energy Development and land use in hte UK. Report No. 4, published by the Watt Committee on Energy, 1, Birdcage Walk, London, SW1H 9JJ. £20.

● The probability of a series nuclear accident with an advanced gas-cooled reactor comparable to that at Three Mile Island, Pennsylvania, with a pressurised water reactor was extremely and acceptably low, said Mr. Roy Berridge, chairman of the South of Scotland Electricity Board.

The board operates an advanced gas-cooled reactor at Hunterston and is building another at Torness on the Firth of Forth.

Bank of Scotland in tax shelter deal

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE BANK of Scotland is to manage a new leasing company for Gerrard and National Discount, the leading City discount house, in a deal said to be the first of its type undertaken by a clearing bank.

A Bank of Scotland subsidiary, IBOS Finance, will manage a new Gerrard and National subsidiary providing lease finance for the public sector and the top 400 companies in the Times 1,000 listing. The object is to provide Gerrard and National with tax shelter for its profits.

Gerrard and National last reported pre-tax profits of £5.7m for the year to April 5, 1978. However, this was after undisclosed transfers to inner reserves. One suggestion is that Gerrard plans to write leases of the order of at least £10m, but this is denied by the company.

Most of the leasing activity of the new company is expected to take place towards the end of Gerrard's financial year, once the company has a rough idea of what taxable profits are likely to be.

Mr. Andrew Wood, a director of Bank of Scotland's main leasing business, North West Securities, described the link-up with Gerrard and National as "quite a scoop." Similar facilities could be made available to industrial and commercial companies.

Consumer code urged for double glazing industry

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE Commission yesterday recommended a number of measures to protect consumers on prices and competition in the fast-growing market for double-glazed windows and doors.

A special commission report on prices, costs, and margins for metal windows and doors for domestic properties, says double glazing companies should adopt a code of practice to protect the consumer.

As a matter of urgency, the commission suggests that companies selling double glazing to householders should provide potential customers with a comprehensive price list, a formal written price quotation for work; and a Government leaflet containing advice to customers.

The commission says if these measures are not implemented, consumers should be protected by a restriction on prices and profit margins. But it acknowledges this would be a "second best" solution.

According to the report, the market for aluminium v'ndows and doors for installation in homes was worth £249m in 1978—about 54 per cent higher than in the previous year.

This year, the industry expects a growth rate of more than 40 per cent.

The four biggest companies, with about 41 per cent of the market, are Everest, the Rio Tinto-Zinc subsidiary, with 16.5 per cent; Cold Shield, with 9.5 per cent; Anglian with 9 per cent; and Alpine with 6 per cent.

The Commission has four main criticisms: That the highest prices are roughly twice the lowest prices, yet differences in prices are not consistently linked to differences in standards of quality: only one of the four largest companies gives potential customers a price list; price increases over the last three years have been greatest among the biggest companies; and only 72 per cent of deliveries take place in the promised time.

Competition

"At present," says the report, "the failure of the market to meet the consumer's need for information prevents competition from being effective." It points out that this is especially so since the salesman comes into the home where "it it is not easy for the consumer to exercise commercial judgement."

The Commission recommends that the first call discount system, whereby customers pay up to 10 per cent less if they agree to buy on the first visit from a salesman, should be discontinued.

The Commission also feels that the Office of Fair Trading should look into three further matters — excessive discounts offered to encourage full payment with order, especially as delivery periods of four to five months are common; extensive deposits required long before delivery; and reservations about some claims made by companies about the extent of fuel savings and reductions in condensation.

Profit margins of the four major companies averaged 11 per cent—against 5 per cent for other large and medium-sized companies—and aggregate net profits before taxation rose from £4.3m in 1976 to £11.5m in 1978.

Price Commission Sectoral Examination Report No. 14: Prices, Costs, and Margins of Metal Doors and Windows for Domestic Properties. HC 340, SO £2.

U.S. bank opens in Manchester

By Rhys David

MANUFACTURERS Hanover Trust, the fourth biggest U.S. bank, with assets of more than $40bn, has opened a representative branch in Manchester.

The bank already has a representative office in Edinburgh and its full branch in London is the biggest in the group, including the U.S., with more than 1,100 employees.

Mr. Trevor Robinson, the bank's senior vice-president and general manager of the London office, says it hopes the new office will enable Manufacturers Hanover to expand business with medium and small concerns in the North, especially those active in overseas markets.

School fees ban reinforced

By Michael Dixon, Education Correspondent

LABOUR'S POLICY of preventing local authorities from paying fees for places at private schools was reinforced yesterday by a High Court ruling against the Conservative-controlled Greater Manchester Council.

Mr. Justice Smith decided that the council had exceeded its powers under the Local Government Act by establishing a £1.1m charitable trust to finance children in independent schools. He will complete his judgment today.

The case — watched keenly by many local authorities — was brought by the Labour-controlled Manchester City Council, it maintains that the trust money should be returned to Greater Manchester's normal funds.

Lord Advocate to become judge

SCOTLAND'S LORD Advocate since 1974, Mr. Ronald King Murray, is to become a judge in Edinburgh's Court of Session, it was announced yesterday.

Mr. King Murray, aged 56, Labour MP for Edinburgh Leith since 1970, had a majority of 3,445 at the last General Election. He announced his intention last year not to stand again.

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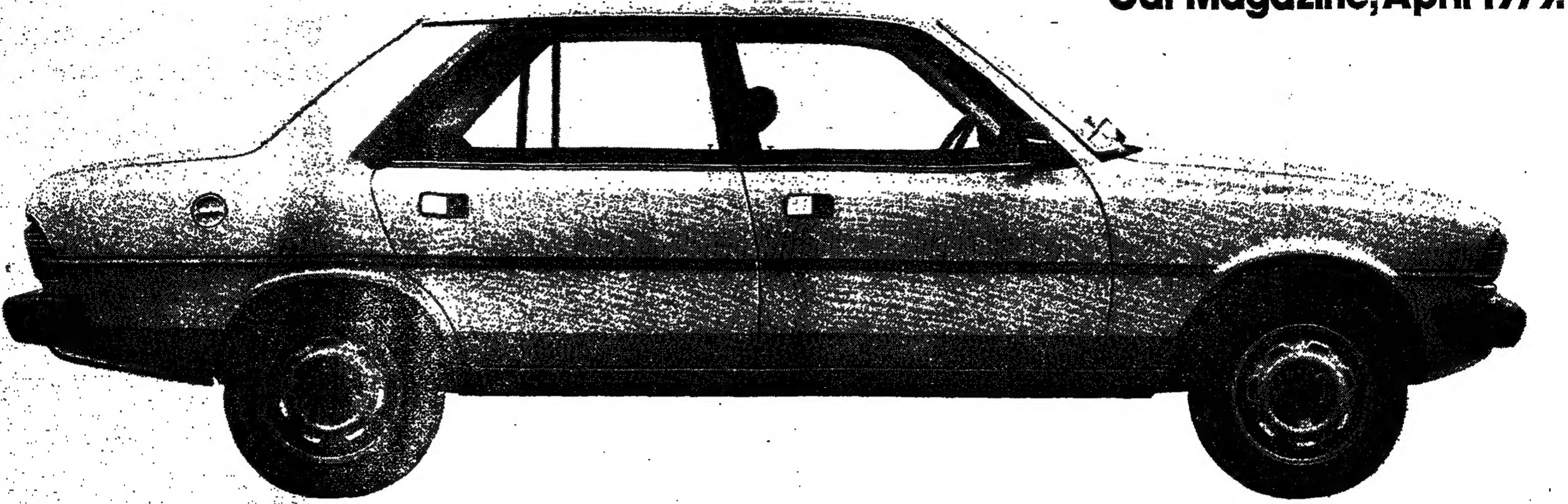
"BEST FAMILY CAR- OVERALL CAR OF THE YEAR-"

What Car?, April 1979.

"I FEAR THAT I SHALL NEVER FEEL SO MUCH AFFECTION FOR A CAR EVER AGAIN."

Car Magazine, April 1979.



"What Car? Annual Review"

"This year we decided to vote for our Car of the Year again–and have chosen the Peugeot 305SR."

"Over the past year we have tested more than 120 cars."

"As last year we are splitting the wide variety of cars we have driven into various groups, but this time the categories are slightly different."

"Each class has its own winner, found by awarding cars points out of 100 under a total of five headings, with a maximum of 20 points on each count."

"In the end we arrived at nine individual group winners, one of which turned out to have the highest overall total. This year our Car of the Year is the Peugeot 305SR."

"The 305 is a slightly up-market four door family car. It is French, with a front engine driving the front wheels. It has four doors, enough room for four adults and their luggage, is reasonably fast, handles safely and is well equipped."

"The Peugeot 305 combines the advantages of space and safety offered by front wheel drive, while retaining a traditionally shaped, roomy body. It offers a degree of comfort and luxury unusual in a car of the class–the opposition will have their work cut out to match its stylish ride."

"The 305 is typically Gallic, with front wheel drive, and a thoroughly sensible approach–a large boot for luggage, large passenger area and a transverse engine up front. The 305 is also blessed with one of the best gearchanges we have ever come across...so light and precise that changes can be slurred making passengers think it's an automatic. Our Car of the Year offers smooth luxury unusual in a car of this class."

"French car manufacturers seem to have found the knack of producing everyday cars with the sort of luxurious ride comfort found only in limousines. Peugeot's new 305 range is a case in point–aimed squarely at the family man as his regular transport, and yet offers the sort of comfort a chauffeur driven executive would expect."

"The success it has already had is well deserved and we can be certain that it will still be in production in ten years time–something that can't necessarily be said of its rivals here."

What Car?, April 1979, Annual Review, and comparative test with Fiat Supermirafiori, Princess 1700 HL, Renault 18TS.

Car Magazine- "A long term test with a difference"

"Just one of the astonishing things about the 305 is how well it handles."

"...the gear change for example: it is not only the nicest to be found in any front-wheel drive car but it is also one of the very nicest to be encountered in any car."

"The rest of the credit presumably goes to the transverse location of the engine, the block of which is tilted 20° forward to make things even better. Space saving under the bonnet has not been taken too far, though, for although there is not much space wasted there is room to get at the things that are likely to need attention, even if nothing ever actually did."

"The 305 suspension, like that of its big brother 604, must surely represent the state of the car-builder's art."

"Just as nothing seemed to be consumed, likewise nothing seemed to deteriorate. The finish looked everywhere as good at 9000 miles as on delivery."

"...the cabin was impressively roomy: once again the long wheel-base might have something to do with it, for the car is not over-long overall, being an inch shorter than a Cortina."

"The Peugeot's controls are excellent, well-sited and have superb actions. The instruments are easily seen and tell no lies, and the night lighting of the facia is first-class. There is a complex array of heated and fresh air vents, yet the controls are straightforward, even to the first-time driver."

"On almost every count, the 305 is highly competitive with its obvious rivals, most obviously in matters that can be quantified and set down in figures but most convincingly in the sweetness of its behaviour."

"It is difficult to overstate this case, hard to think of any other car short of a Rolls-Royce in which the controls feel as though they have been matched and lapped and polished and hand fitted by a jeweller, and impossible to imagine how Peugeot have achieved this in mass production."

"In the absence of any serious faults or many trivial ones, it seems almost tedious to keep on piling up praise for the way this car behaved, but it would be unjust not to do so. With such exemplary manners, such silken feel, such admirable comfort and such unfailing reliability, the Peugeot 305 must obviously be a very good car. What made it even better was its ability to rise to the occasion, to meet requirements that ought to have been beyond the normal call of duty."

"Never have I encountered a car that could serve for so long without letting me down in any way, that could serve so satisfactorily for such a variety of journeys, and that could sustain such astonished delight over its virtues, as did this 305."

Car Magazine, April 1979. Long term test and comparative test with Renault 18GTS and Honda Accord.

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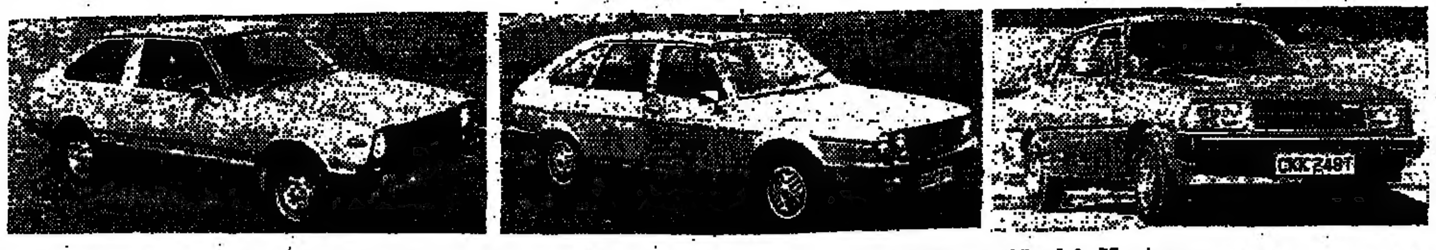
UK NEWS



On the market today: Datsun's Cherry hatchback, Renault's 30TX, and Mazda's Montrose

Japanese launch two new cars to-day

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A CLEARER indication of the approach the Japanese will bring to the UK car market in 1979 emerges today with the launch of two new Japanese models.

Mazda, the only importer to hold down its sales last year to 1977 levels, maintains it will have more cars available in 1979. The manufacturer, Toyo Kogyo, has promised 3,000 to 4,000 more than the 12,810 Mazdas sold in the UK in 1978.

However, the importers of Datsun cars insist they still have no idea of how many will be shipped in 1979 by the makers, Nissan. Datsun sales rose from 82,133 to 101,735 last year, pushing up the company's market penetration from 6.21 to 6.39 per cent of new car registrations at a time when the Japanese were committed to restraint.

Today the third generation of Datsun's front-wheel-drive small car is launched in the UK, and the Cherry name will be used once again.

The new range of five models is important to Datsun UK—150,000 Cherrys have been sold in Britain since the British launch in 1970 and they have accounted for roughly one third of annual sales.

The new cars started to arrive in the UK only last month but Datsun UK says about 2,000 are spread among its 360 dealers in readiness for the launch.

It expects the Cherry will continue to contribute 28 to 30 per cent of total sales—indicating that about 30,000 would be registered in a full year.

The new Cherry has a bigger body shell which gives more interior room than the models being replaced but uses the same transverse-mounted engine in either 998 cc or 1,171 cc versions.

Prices, on average, are 9 per cent higher than the old Cherry models and range from £2,596 for the three-door Hatchback L to £3,165 for the three-door coupe. Datsun UK expects the three-door Hatchback GL, at £2,740, to be the most popular of the new range.

Toyo Kogyo's "world car," to be called the Mazda Montrose in Britain, is also launched today. The mid-range car is competitively priced to attract trade away from UK models such as the Cortina, Marina and Cavalier.

Mazda Imports (GB) estimate they will sell about 4,000 before the end of 1979.

In the UK, two engine options (to power the rear wheels through either four or five-speed manual gearboxes with an automatic option) will be available to provide a choice of three models: a 1.6 litre saloon, a 2 litre saloon and a 2 litre coupe. Prices range from £3,649 for the 1.6 GL saloon to £4,449 for the 2 litre GLS coupe.

Renault also expands its range of cars in Britain today with the launch of its "executive express," the Renault 30TX, which marks the beginning of a determined advance into the executive segment of the market with competitors like the Rover saloon and the Ford Granada.

The new TX is based on the 2.7E litre Renault 30TS but has more power, greater technical refinement and a higher level of equipment.

For £7,718 customers get a car with fuel injection, transistorised ignition, a five-speed gearbox, central door locking and heating ducts for rear passengers. Another £250 will buy an automatic version. The only optional extra is leather upholstery at £345.

Advertising report criticises 'illogical' competition policies

BY MICHAEL THOMPSON-NOEL

THE PRICE Commission is not fully aware of the true meaning of competition, according to accusations levelled today in a report by Dr. Duncan Reekie, a *specialist in business economics* at Edinburgh University. He suggests scrapping Government price and advertising controls.

His report, Advertising and Price, sponsored by the Advertising Association, sets out, in part, to establish that advertised brands do not rise as rapidly in price as other products. In fact, the report claims advertising helps check cost of living rises.

As an example, Dr. Reekie compares changes in the price of 65 heavily-branded foods with changes in the Retail Price Index for food and shows that in 1978 the index was four times its 1964 level, while the price of the heavily-advertised brands was only a little over three times their 1964 level.

He also sets out to show that advertising—a £2bn industry in turers' and retailers' costs, due to increases in turnover and the benefits of product recognition.

Price controls, says Dr. Reekie, are ill-considered and will distort *the structure, conduct and performance* of industry.

Although anti-monopoly legislation in Britain was first introduced in 1948, he says, the policy has been frequently criticised for lack of clarity and the inconsistency of its objectives.

"The Price Commission Act, 1977, in itself contains provisions which could bring Britain closer to havng a true competiton policy. It also supersedes much of the Counter Inflation Act, 1973, which had pushed much of the previous initiative on competition policy, the 1973 Fair Trading Act, into a position of limbo. However, because neither Act effectively defines competition in terms of market structure, conduct or entry in either of the markets for goods or services, or in (the capital market), their practical impact in shaping competition policy must remain in doubt," he says.

The evidence of his studies, Dr. Reekie says, suggests that the Price Commission is not fully aware of the true meaning of competition. "For economists, as for laymen, competition means rivalry, which means industry entry, potential or actual, and market share expansion, real or threatened."

Such rivalry could only be successful if it benefitted the consumer. The rivalry may, but *need not, include higher or lower* prices, better or poorer products or higher or lower advertising. It was not, however, restricted to the perfect price competition.

What consumers want, says Dr. Reekie, can only be revealed by their purchases in the market, undistorted by *Government* influence. "The underpinnings of Britain's 'competition policy' are illogical and so require removal. They exemplify the approach of the inventory clerk, not the economist. The inventory clerk examines current consumption and advertising and concludes that they are ill-matched. The economist is not so arrogant. He does not prejudge the market . . . Likewise, manufacturing and advertising costs cannot be judged by outsiders as they occur."

Dr. Reekie's advice to housewives is that where they shop is more important than what they buy. They can save significantly more by changing shop than by changing brand, he claims.

He also criticises own-brand goods. "Private brands lower the retailer's costs by having a faster stock turnover, but this is only true of established product groups. Where quality or variety *is changing*, the reverse is the case. Private brands have an important role to play in the competitive process, but that role *is* essentially one of price.

"By virtue of what they are, at best imitators of yesterday's successes, they have only a negligible competitive function in the areas of quality, service or innovative rivalry. Do we want yesterday's products more cheaply, or tomorrow's products today?" There is no *simple answer to that question*, he agrees.

In specific studies of the use and impact of advertising, Dr. Reekie shows how it was used to "create" markets (domestic washing machines and dried milk powders), maintain one (chocolate and sugar confectionery) and revive one (gramaphone records). In each case, scale economies had been gained or re-attained, real price levels reduced (relative to the Retail Price Index) and company profits and added value raised.

Advertising and Price. Dr. Duncan Recki . The Advertising Association, Abford House, 15, Wilton Road, London SW1. £8.

High Speed Train sets world record

By Ian Hargreaves, Transport Correspondent

British Rail's High Speed Train yesterday set a world speed record on the London-Bristol run.

The 9.20 am diesel from Paddington, with 300 passengers, covered the 94 miles to Chippenham, its first stop, in 50 min, 31 sec.

This gave it an average start-to-stop speed of 111.7 mph, 5 mph faster than the previous world record claimed by the Japan National Railways Shinkansen service between Tokyo and Nagoya.

The train arrived in Chippenham six minutes early—a feat attributed by British Rail to the unusual absence of engineering works and speed restrictions on the line.

British Rail will be bidding for the world speed record for a regular service when the new timetable is introduced on its Eastern Region next month.

Then the High Speed Train will complete the Stevenage-Peterborough leg of its journey regularly at an average speed of 104.5 mph. That is 3.4 mph faster than the Tokyo-Shin-Osaka section of the Shinkansen.

Advancing

This record is unlikely to be retained for long, however. Top speeds of more than 186 mph are planned for the new electric Paris-Lyons route of SNCF by 1982. British Rail's own highest scheduled speed should be lifted by the commissioning in the next year of the Advanced Passenger Train.

The world speed record is held by a linear induction motor research vehicle of the U.S. Federal Railroad Administration, which in 1974 recorded 254.76 mph on a test track in Colorado.

When British Rail's Mallard established the world steam-engine speed record in 1938, it reached 126 mph over a distance of 440 yards during its run and sustained severe engine damage.

CONTRACTS

Aiton win £10m pipework order from CEGB

AITON AND COMPANY, a member of the Whessoe Group, has received a £10m order for high pressure steam pipework and valves from the Central Electricity Generating Board for three 660Mw units for the completion of Drax power station, Yorkshire.

★

The Post Office has ordered over £3.3m private telephone exchange equipment from the private systems division of GEC *TELECOMMUNICATIONS*. The orders cover branch exchanges for various Government offices throughout the country. The equipment is being made in the company's factories at Aycliffe and Hartlepool.

★

KIRK AND KIRK, Cheam, Surrey, has won building contracts totalling over £1.3m, including an adult training centre at Chadwell Heath, costing £551,000 and old people's housing in Camden for £327,000.

★

DECCA has received orders for two ship simulators (for training bridge officers) each worth about £500,000. They will be installed at the Colleges of Nautical Studies in Glasgow and South Shields.

★

CORRALL CONSTRUCTION, a Powell Duffryn company, has two housing association contracts together worth £450,000—one for 20 homes in Chiswick *High Road, placed by the Family* Housing Association, and the other for 18 flats in Greencoat Place, from Coburg Buildings.

★

A. I. Metal Products Group has awarded BIRLEC orders valued at about £200,000 as part of its foundry development plans. The orders are for channel holding furnaces to be installed at two foundries within the group, the Walsall foundry of Mason & Burns, and the Tipton *foundry of Bullers Engineering.*

★

HARLAND AND WOLFF has ordered fire protection systems worth over £300,000 from JOHN KERR (MANCHESTER) for two liquid petroleum gas carriers to be chartered by Shell.

★

TWO ORDERS worth more than £250,000 have been won by SERCK HEAT TRANSFER of Birmingham. It has been awarded a contract worth 126,000 for 20 coolers for the gas turbine division of the General Electric Company at Whetstone, London, and another worth over £130,000 from British Rail for 80 oil coolers for the class 56 heavy freight locomotives.

★

Midlands truck dealer, Richardsons of Oldbury, has ordered over £850,000 worth of *EDBRO skip handling equipment* for trucks from Solid Waste Engineering, Preston. Said to be the largest single contract for Edbro bucket loaders, it covers the supply and fitting of 150 units to a variety of 16-ton trucks.

UK NEWS — LABOUR

Warning to Thatcher as railmen seek 13%

BY PAULINE CLARK, LABOUR STAFF

THE NATIONAL Union of Railwaymen, Britain's biggest rail union, will demand a pay increase of between 12 and 13 per cent and resist any attempt to trade jobs for a productivity deal in pay talks with British Rail board tomorrow.

Mr. Sid Weighell, general secretary of the 172,000 strong union, also gave a warning yesterday that if a settlement were not reached before the election and the union had to continue negotiations under a Conservative Government, Mrs. Margaret Thatcher, the Tory leader, could expect fight on her hands.

"If she can tell me how I can discipline a quarter of a million railway men, I would be interested," he said. If the country wanted free collective bargaining, it would get it after May 3 if the Tories were returned and "union leaders will be queuing up outside 10 Downing Street."

Priority

Mr. Weighell made it clear, however, that he was anxious to see railway pay negotiations out of the way before the election.

The union had set its sights on establishing firm pay links with miners, power workers and postmen and 12 to 13 per cent pay rises were regarded as "the going rate" for these three groups, Mr. Weighell said.

Mr. Weighell was outlining the union's stance ahead of this week's Railway Staffs National Negotiating Committee meeting after the NUR executive decided that this year's pay claim must take priority over any other issue.

The meeting will also discuss the 5 per cent award to members of ASLEF, the train drivers' union, by the Railway Staff National Tribunal under Lord McCarthy. The NUR is anxious to make clear in advance that it will strongly oppose any attempt to have the award costed out of this year's wage bill.

Mr. Weighell said the award, if distributed to 18,000 train drivers, would amount to a pay rise of 2½-3 per cent.

The union is looking for a minimum earnings level of about £55 a week. A railman's present rate, including a non-enhanceable £6 supplement, is put at £44.70 a week. A guard's rate is £53.90, a driver's £68.80 and the highest grade signalmen receive £78.40. The minimum earnings level is put at £50 a week.

Newspaper men appeal

THE 27 journalists dismissed by the Nottingham Evening Post during the national provincial newspaper strike are to take their case to an Industrial Tribunal, claiming unfair dismissal.

The journalists went on official strike together with 8,000 other members of the National Union of Journalists but the Evening Post's managing director, Mr. Christopher Pole-Carew, has refused to have them back on the newspaper.

As the journalists all lost their jobs at the same time, one of them will take his case before the tribunal as a test case. It is understood the Evening Post will contest the case.

Civil Service offer may avert holiday chaos

BY OUR LABOUR STAFF

A LAST-MINUTE attempt to ensure that Easter holiday arrangements are not disrupted by civil servants is likely to be made today when Civil Service unions expect an improved pay offer.

A meeting with Civil Service Department officials appeared to have been proposed tentatively last night to the union leaders, but no indication was given of a possible improvement in the offer.

A 9 per cent increase from April with more in August and next March to make a total of 20 to 35 per cent has been rejected; but it is being seen as a basis for negotiations, which were originally scheduled to be resumed again after the week-end.

The Government has clearly come under pressure to court peace with its militant employees after the decision by the 105,000-strong Society of Civil and Public Servants to step up industrial action by customs and immigration officers at air and sea ports.

Mr. Barney Hayhoe, an Opposition spokesman on employment, yesterday called on the Prime Minister to intervene to prevent the threatened disruption of Easter holiday traffic.

The SCPS said yesterday that action would go ahead as planned.

Ambulance deal

AMBULANCE officers have settled for a 9.14 per cent basic pay rise, consolidation of all outstanding supplements and a comparability inquiry.

The deal for senior staff follows the ambulancemen's settlement for 9 per cent plus £1 a week in advance of a comparability study. The deal covers 3,500 personnel.

Schools 'strike exemption' call

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A 20,000-strong union of head teachers *today calls for binding* agreements with trades unions to exempt schools from industrial action.

If the necessary exemption could not be established under exisiting law, said the National Association of Head Teachers, the next Government should introduce legislation to designate schools as part of the *essential public services.*

To ensure that the ban on union action did not damage teachers' salary prospects, there should also be "copper-bottomed" guarantees that school staff's pay would be regularly reviewed and kept in line with private-sector levels.

Go back, Perkins men told by union

By Alan Pike, Labour Correspondent

STRIKERS who have closed the Perkins diesel engines plant at Peterborough in a dispute over pay parity were told by the Amalgamated Union of Engineering Workers yesterday to return to work.

Mr. George Gilmour, works convener, said there would be a meeting of shop stewards today followed by a mass meeting of the strikers to consider the position.

The call for a return to work was made to the strikers by Mr. Terry Duffy, AUEW president. Mr. Duffy said there was some doubt about whether the disputes procedure had been exhausted. In these circumstances, the executive was asking the Perkins members to go back to work pending further talks.

Support

The 7,000-strong workforce stopped work last Friday in support of a claim for pay parity with the associated Massey Ferguson plant in Coventry—a long-standing source of grievance.

Since the walkout, the strikers have occupied the factory and barricaded the gates' locking out administrative staff who have attempted to report for work. It is estimated that the dispute is costing Perkins £1m-worth of production a day.

A company spokesman confirmed yesterday that in its view the strike, which began immediately after talks broke down on Friday, was taking place before negotiations had been exhausted. Perkins says a further meeting had been arranged for yesterday but that this could not take place until normal working is resumed.

"Common sense argues that in the interests of all employees there should be a return for these talks to continue," said the company.

Scots bank staff win 17% rises

BY NICK GARNETT, LABOUR STAFF

SCOTTISH CLEARING bank staff have won salary rises averaging 17 per cent following increases on earnings last year *of 19 to 23 per cent.*

The Banking, Insurance and Finance Union, formerly the National Union of Bank Employees, which negotiated the Scottish deal, has submitted a pay claim to the English clearers for an across-the-board rise of 20 per cent together with consolidation of productivity payments and a minimum pay level of £44.50 a week.

The Trustee Savings Banks have also offered their staff, which is represented by BIFU, average rises of about 13.5 per cent. This is based on a general rise of 8 per cent, consolidation of productivity payments worth 4 per cent and a restructuring exercise worth 1.5 to 3 per cent.

The Scottish agreement provides for rises of 16 per cent on salaries for grades 1 and 2 clerical staff, up to 18.5 per cent for managers.

It comprises an 8.5 per cent across-the-board increase, 3.5 per cent to buy out last year's one-off productivity payment and 5 per cent to remove pay anomalies between the Scottish and English clearers.

The 3.5 per cent element, consolidated with the other payments, replaces last year's productivity payment, worth 5 per cent which *will no longer* be paid. The total effect of the settlement on the banks' overall wages bill is, therefore, less than 15 per cent.

Salaries, excluding profit-sharing money, for the *four* clerical grades, is now £1,836 to £2,457, £2,346 to £3,606, £3,321 to £4,377, and £3,876 to £4,890.

Minimum pay for accountants is £5,262 and for bank managers £7,185.

The 22,000 staff in the Scottish clearers received pay rises of 9 to 12 per cent last year, together with 5 per cent productivity, which did not involve any changed working practices, and a further 4 per cent in the form of newly-negotiated profit-sharing schemes.

Staff in the English clearers received similar rises on basic salaries and productivity together with slight increases in payments under profit-sharing.

The annual conference of BIFU decided in Glasgow yesterday that the union should press for further productivity payments in banks *and finance* houses this year.

'Race' verdict query

BY OUR LABOUR CORRESPONDENT

THE FURNITURE, Timber and Allied Trades Union has been told by lawyers that it has "extremely strong grounds for appeal" against an industrial tribunal decision in favour of 17 Asian members who claimed racial discrimination by the union.

Mr. F. Griggs, assistant general secretary, said the union's lawyers had advised that the decision of the industrial tribunal at Birmingham earlier *this month* might be seriously wrong in law.

"All our instincts as a union are to appeal against this completely unwarranted and unjust stigma which has been laid on our reputation. The only opposing factor is whether it is right to stir up what is now past history and thereby possibly jeopardise the good relations which exist between the union and the members concerned. The decision will be made by the general executive council in due course."

Mr. Griggs said that the complaints, by members at Pel Ltd., a manufacturer of tubular metal furniture, related to events alleged to have taken place in 1977. Since then ownership of the company had changed hands.

Many allegations, said Mr. Griggs, had been rejected by the tribunal but it had been found that the union was guilty of indirect discrimination on the grounds that it should have pressed more vigorously for the Asians concerned to have their own shop steward. There had also been a failure of communication.

"We are satisfied that our officials did all that was reasonable in these matters. Even if what they did was not to the liking of the members of the tribunal or even if errors were made in a very difficult industrial situation we strongly resent and repudiate the inference that this was due to racial discrimination."

UK NEWS — ELECTION

Increased inflation is now inevitable

Mr. James Callaghan

A SHORT-TERM increase in inflation was now inevitable, Mr. James Callaghan admitted last night. "But it will be short term," he insisted.

Speaking at a party rally in Stockport—where his former political adviser Mr. Tom McNally is a Labour candidate—Mr. Callaghan said the country would soon move back on the right path.

Clearly anticipating the publication on Thursday of the latest retail price index which is *expected to show an inflation rate* nudging 10 per cent, Mr. Callaghan vigorously re-emphasised Labour's determination to win the battle against inflation.

"In spite of the setbacks to its policies this winter, the Government had saved the country from a return to the raging inflation of three years ago, he claimed.

"The defeat of inflation remains our basic priority; that is the way to safeguard jobs and family living standards.

"Labour has halved inflation over the past three years. Despite this setback, we can halve it again over the next three years."

Mr. Callaghan said that a united national effort would be needed to achieve this target.

"Only Labour can create the framework of fair policies needed to secure national unity," he declared.

"In particular, we believe in direct government action to beat down price inflation," he said.

"The Conservatives would stand back and do nothing to prevent price increases."

Mr. Callaghan pledged: "Labour will cut inflation by giving the Price Commission power to cut unjustified price rises; by the Silkin freeze on Common Market food prices; by building upon the Government's industrial agreement which the TUC strongly supports: and by refusing to print more money than the country can afford."

Earlier, Mr. Callaghan, with a police and Press escort visited the nearby Tory marginals of High Peak and Stretford, and Labour's narrowly-held seat at Moss Side.

Some 300 enthusiastic party workers cheered his arrival in Glossop in High Peak.

They presented him with a pink rose and promised him the seat as a *gift later*. A table collapsed under the combined weight of the ITN crew filming the event.

In Moss Side, Mr. Callaghan called on Mr. Michael Harris, a recent party convert, who has semi-detached house into committee rooms, replacing his curtains with vivid Labour posters.

More than 50 people waited for the Prime Minister's fast-moving cavalcade in a dance hall at Stretford, the seat held by Mr. Winston Churchill with a majority of just over 1,200.

Labour steps up campaign on jobs

PM predicts 2m unemployed

BY JOHN HUNT

THE PRIME MINISTER stepped up his election campaign yesterday with a claim that a Tory victory would mean that unemployment would rise well beyond the two million mark.

"A vote for Labour is a vote for your job—that is the issue. A vote for the Conservatives is a vote to put your job in peril," he said at his morning Press conference in Manchester.

Mr. Callaghan developed the theme that he used to launch his compaign in Glasgow the previous night.

The Tory proposals to reduce public expenditure would, he claimed, mean scrapping financial assistance to industry and the job creation programmes.

In Glasgow on Monday night, he dwelt on the grievous effect *this would have* for employment in Scotland.

Yesterday he gave his version of what it would mean for industry and jobs in the North-west.

This is the pattern which his personal campaign is likely to follow in the days ahead as he holds more regional rallies and gives some of his morning Press conferences in the provinces.

These charges will have to be met by the Tories when they open their own campaign today with the launching of the Conservative manifesto by Mrs. Margaret Thatcher.

Meanwhile, *the opening shots* in the Conservative counter attack came yesterday from Mr. Edward Heath, the former Conservative Prime Minister, and Mr. *James Prior, the Tory employment* spokesman.

Mr. Heath, speaking in Scotland, retorted: "The deserts of unemployment are there—created under this Labour Government. What right has he to accuse his opponents of wanting to create unemployment?"

Mr. Prior said that the country would know how to treat Mr. Callaghan's "wild allegations." More than a million extra jobs would have to be created over the next four years to cope with extra youngsters lookingfor work—a task far *beyond Labour.*

In an ITN News at One interview later, Mr. Prior said that the allegation that the Conservatives would dismantle the job creation measures was nonsense.

There was no intention to dismantle the Manpower Services Commission.

He agreed, however, that the Tories would hope to phase out *some employment subsidies* and some of the subsidies to industry. It was better to create new jobs rather than merely juggle the same amount of money about.

There was no question of cutting off straight away existing unemployment schemes. But there was a definite policy of "phasing out wherever we can over a period of time" to get the economy moving.

Sir Keith Joseph, the Tory industry spokesman and chief policymaker, joined in the growing Conservative backlash.

He argued that job rescues were a confidence trick which in the end destroyed more jobs than they created. Massive state spending was not the friend of full employment.

The Prime Minister told his press conference that in the North-west the Government had invested 237m of public money by giving financial assistance for *companies to modernise plant* and equipment.

"The result has been a substantial gain in employment. Labour is the only party committed to direct Government action as a means towards full employment.

"I have argued and will continue to argue that in the present state of world recession it is not possible to rely purely on the free market to ensure full employment."

"We believe that a mixture and interpenetration of private enterprise and Government money and Government intervention is absolutely vital if we are to ensure that people remain in jobs."

He repeated his claim that Labour's measures had already retained or created *1,200,000* jobs in the UK.

"We intend to do more to create new jobs through the setting up of development agencies in certain areas when we get a majority Government," he added.

Mr. Callaghan said that Sir Keith Joseph, who is in charge of policy and research for the *Conservatives*, had declared that subsidies and industrial rescues did great harm.

"They would stand aside even if firms and industries collapsed and failed—a sure way to put unemployment well over the 2m mark," the Prime Minister commented.

In folksy mood, he went on "You do not have to be a Manchester United or *Manchester* City supporter to know that you do not secure any goals by standing behind the touchline. You have to be out there on the pitch playing."

Repeating his accusation that the Tories would turn large areas of the country, including the North-west, into an industrial wasteland, he said they would axe the National Enterprise Board and turn it into a small holding company, thus putting at risk jobs in local companies such as Ferranti.

In Manchester alone, there had been 43,000 jobs created by Government assistance. These jobs, particularly in the textile industry, would be endangered under the Tories.

"The truth is that Conserva*tive theorists are out of date*, out of touch and dangerous on these matters," he warned.

He challenged the Conservatives to say how much their policies would add to the cost of the family budget and how many jobs would be *lost*.

Roger Taylor

Prentice describes joys of conversion

BY ELINOR GOODMAN

MR. REG PRENTICE—former Labour Education Secretary and the Conservatives' most prized convert—was put on show in *Nottingham* yesterday as part of the Tory effort to persuade East Midlands Labour supporters to follow his example.

Like white Rhodesian farmers being instructed on guerrilla tactics by a captured black nationalist, the audience listened with rapt attention as Mr. Prentice confirmed that Labour was being taken over by the Left.

They departed, according to one man "uplifted," secure in the *knowledge that the Left* could do nothing to surprise them in its efforts to push the Labour Party down what Mr. Prentice described as the "classic road to totalitarianism."

Mr. Prentice, who will spend most of the campaign in Daventry where he is the Conservative candidate, has a two-fold message.

First—and this was the bit which Central Office appeared to regard as most important—*he was there to warn of the* impending Leftist takeover in the Labour Party and to show that socialism was now devoid of all idealism.

Mr. Callaghan, he warned, was nothing more than a "front man providing a respectable facade" for the real objectives of the Bennites.

The social democrats in the party among whom he had once numbered himself, were open to the charge of cowardice.

Asked afterwards whom he had in mind, he obligingly mentioned Mrs. Shirley Williams, Mr. Roy Hattersley and Mr. Bill Rodgers.

This might have been the message which Central Office favoured but Mr. Prentice was equally anxious to explain the positive reasons behind his conversion.

Taking up a theme raised earlier in the week by Mr. Michael Heseltine, Mr. Prentice claimed that it was nonsense *for Labour to posture as the* party of compassion.

"The Labour Party might be very good at wearing its social conscience on its sleeve but when it comes to action, the *Conservative Party is far better* at delivery."

Mr. Prentice, who in the last election was still campaigning for Labour and once spoke in a May Day rally in the centre of Nottingham, was well received by the audience of party faithfuls, some of whom said afterwards that they hoped he would be in Mrs. Thatcher's Cabinet.

But, as was made clear to them before, the prime purpose of the meeting was to provide film footage for the TV news.

Just before Mr. Prentice made his entrance, the agent provided *a Butlin's redcoat routine:* "Is BBC happy, is ITN happy, is the Press happy?"

The answer was a muted affirmative and Mr. Prentice was brought in to applause which made it clear that the Conservatives at least did not operate a closed shop

For his part, Mr. Prentice seemed very much at home in his new family. Though he was not prepared to go as far as some of the questioners would have liked on law and order—a major issue in Nottingham where the crime rate is very high—he was fulsome in his praise of both Mrs. Thatcher and Conservatives.

Rossi at large in 'Marxist' Lambeth

MR. HUGH ROSSI (above) yesterday took a walk through what he described as "the Marxist council of Lambeth." The Tory housing spokesman attacked the borough council's policies on housing, staffing and rates.

The policies, he said, exemplified the "Callagate cover-up" of the Labour election manifesto "The truth about where power lies in the Labour Party is concealed in the facts behind the fiction.... Revealed behind the face of the Prime Minister is the true face of Wedgwood Benn and the Far Left."

News film trial

INDEPENDENT TELEVISION NEWS is to try a new film technique for its election coverage called electronic news gathering, using an electronic camera and video tape recorder. ITN and the Association of Cinematograph, Television and Allied Technicians have agreed on *a six-month evaluation of the* system. Ceefax, BBC TV's teletext service, will show summaries of the main manifestoes and campaign speeches.

Fewer women

MRS. THATCHER'S Conservative Party is fielding fewer women candidates than its main opponents: 31, compared with Labour's 52 and the Liberals' 45. The Tories include six sitting MPs, and Labour 15.

Misdirected

PRESS copies of the Liberal Party's manifesto were accidentally put aboard Mr. David Steel's campaign bus instead of being distributed at the manifesto's London launching. They were taken off at Chippenham, Mr. Steel's first stop, and rushed back to London by train.

Liberals may seek Tory alliance

BY IVOR OWEN

ALTHOUGH Mr. David Steel, Liberal leader, still publicly proclaims an even-handed approach to the two main parties, his primary aim and that of his campaign managers is a Liberal-Conservative pact.

That emerged yesterday shortly after publication of the party's election manifesto and a forceful reaffirmation by Mr. John Pardoe, economic spokesman, that a condition of any new pact must be a "copper-bottomed" guarantee that proportional representation will be used in the next general election.

The failure to secure any commitment from the Prime Minister on introducing proportional representation led to the termination of the Lib-Lab pact.

So far, Liberal overtures to the Conservatives have met uncompromising opposition from Mrs. Margaret Thatcher based on her conviction that the Conservatives are poised to secure a decisive victory.

Then, criticism of the traditional "first-past-the-post" voting system will be brushed aside and talk of a possible pact with the Liberals forgotten.

However, the Liberals cling to the hope that the voting on May 3 will produce another Parliamentary stalemate, with no party commanding an overall majority in the Commons.

Mr. Pardoe told the Liberal Party election Press conference yesterday: "If we get one more hung Parliament you will not see the Conservative Party for dust in the speed with which it will convert to PR."

In accordance with the party line, he refused to express any *public preference for a Liberal* alliance with a Callaghan or a Thatcher Government.

"It would be for the leader of the largest party in the House of Commons to make the first approach," he said.

Later Mr. Pardoe publicly challenged Mrs. Thatcher to disclose her plans if no party secures an overall majority.

"Is Mrs. Thatcher telling the millions of Conservative voters that, instead of entering into talks with the Liberal Party, she would rather Mr. Callaghan remained in Downing Street"? he demanded.

Outlining Liberal proposals for reforming the taxation system, Mr. Pardoe said it would be possible to reduce the basic rate of income tax to 20p in the pound and cut the top rate to 50p in the pound in three years.

He estimated that it would *cost £3.2bn, and* accepted that a further £1bn would be required to give effect to *Liberal proposals for indexing* personal allowances.

That would be financed through increases in indirect taxes. A Liberal Budget would include proposals to standardise value-added tax at 10 per cent and an increase in excise duties involving an increase of 5p on a packet of 20 cigarettes and 3p on a pint of beer. Wines and spirits would be increased pro rata.

Mr. Pardoe contrasted that frank exposition of what would be involved in financing big cuts in personal taxation with the reluctance of Conservative leaders to spell out the implications of their tax reforms.

The money needed could not be found by cutting public expenditure, he said. "The Tories tried that between 1970-1974 and it did not work then."

Technology beset by gremlins

By John Hunt

THE PRIME MINISTER'S emphasis on the need for Britain to keep abreast of modern technology does not appear to have filtered through to Transport House.

Yesterday's attempt to relay a broadcast of his Manchester Press conference to journalists waiting in London turned out an electronic nightmare.

Mr. Joel Barnett, Chief Secretary to the Treasury, and Mr. Stan Orme, Social Security Minister, were with Mr. Callaghan.

But to listening reporters, their voices sounded like those of astronauts circling the moon.

As a harrassed technician fiddled with the controls, Mr. Callaghan's voice became deafening. Then it was suddenly reduced to an inaudible muttering.

Labour officials have now promised that things will improve. One even promised: "By next week we will be able to give you simultaneous translations in Japanese."

State oil corporation would pay petrol tax

BY KEVIN DONE, ENERGY CORRESPONDENT

THE British National Oil Corporation would be required to *pay Petroleum Revenue Tax*, in common with all other oil companies, under a Conservative Government, Mr. Tom King, Tory energy spokesman, promised yesterday.

The State oil company, created by the present Labour Government, would be shorn of its "financial privileges and commercial advantages" and its finances would be separated from those of the National Oil Account.

"It is clearly wrong that oil companies pay royalties *due* to the Exchequer straight into *BNOC's bank account*," Mr. King said.

He indicated that under a Conservative Government there would be larger and more frequent offshore licensing rounds and that the practice of giving the corporation first refusal of any transfer of licence interests between oil companies would be abandoned.

The future development of the UK's oil and gas resources is the main area of energy *policy disagreement* between the Tory and Labour Parties. Mr. King's statement shows little divergence of views on the future of the coal and nuclear industries.

On transfers of offshore licence interests, the so-called "farm-in" deals, Mr. King declared: "Labour's obdurate obstruction of these arrangements may have done more than any other single policy to slow down exploration." It was vital to permit a reasonable exchange between companies of licence rights.

He indicated that a Tory Government would raise the present rate of Petroleum Revenue Tax—the Labour Government had intended to include that in the Budget—while *seeking to safeguard the* development of marginal fields.

The dramatic rise in North Sea oil prices had strengthened the case for an increase, he said.

Challenge by Left in Fermanagh

By Alan Watson

THE Social Democratic and Labour Party, Northern Ireland's main moderate Roman Catholic party, appears set to *make a serious challenge* to unseat Mr. Frank Maguire, Independent Republican MP for Fermanagh-South Tyrone.

The party, which has had only one member in the Commons — Mr. Gerry Fitt, its leader — is expected to run Mr. Austin Currie, one of its leading strategists. He is favourite for the candidature, which will be decided by the party's constituency organisation next Tuesday.

Fermanagh-South Tyrone has a natural but slim Roman Catholic majority. Mr. Maguire won the seat with a 2,500 majority in the October 1974 election as an agreed anti-Unionist runner.

This time, the SDLP's chances of winning should be helped by the decision of Mr. Ernest Baird, United Ulster Unionist Party leader, to join the contest. The Unionist vote will be split between Mr. Baird and an Official Unionist Party candidate,

Labour plans 'would keep interest high'

BY JOHN HUNT

THE PUBLIC expenditure plans in Labour's manifesto will keep interest rates high and prevent investment and job creation, Mr. Michael Heseltine, Conservative environment spokesman, said yesterday.

The economy would be taxed to the limit to provide billions to finance the National Enterprise Board in a needless buying spree of successful companies.

An allegation that Government Ministers were manoeuvring for the failure of British membership of the EEC came *from Mr. Douglas Hurd*, Conservative spokesman on European affairs.

He maintained that hundreds of thousands of British jobs would be at risk if the Community collapsed, as the wreckers of Europe wanted.

Plaid notes key issues

BY ROBIN REEVES, WELSH CORRESPONDENT

"PLAID CYMRU Fights For You," is to be the Welsh nationalist party's slogan in the general election campaign.

Launching the party's main canvassing leaflet in Cardiff yesterday, Mr. Emrys Roberts, Plaid's vice-president, said the campaign would stress the need for more nationalist MPs to fight in Parliament for Welsh interests.

Candidates in all 36 Welsh seats would highlight what they saw as the six key issues in the Welsh campaign, he said.

They were a halt to the run-down of the coal and steel industries, the need for an economic plan for Wales, an increase in Welsh housing expenditure to the UK average, restoration of public expenditure cuts, the go-ahead for the fourth (Welsh language) television channel in Wales, and the defence of family farms.

Protection call

MS. PAT ARROWSMITH, the veteran pacifist standing against Mr. Callaghan in Cardiff, *South-east*, has asked the Home Office for equivalent security precautions to those received by the Prime Minister — except for an armed police guard, which she opposes on principle.

Cancellations

BECAUSE of the general election, the Labour Party's annual May Day concert has *been scrapped*. Derbyshire miners, too, have abandoned their annual conference at Skegness.

In the family

MR. CALLAGHAN'S son, Michael, aged 33, a Ford Motor Company finance manager, has taken three weeks holiday to join the Premier's election team.

Communist manifesto

By Maurice Samuelson

THE Communist Party, which is fielding 40 candidates, yesterday published its election manifesto, calling for restoration of free collective bargaining, a £60-a-week minimum wage and full guarantees of the right to strike and peaceful picketing.

It also demanded a 35-hour week, more money for the regions, a six-month price freeze, abolition of VAT and imposition of purchase tax in luxuries, and subsidised food, public transport and rents.

Where there are no Communist candidates, the party said voters should back the Labour Party—but unless Labour changed its policies, there would *still be mass unemployment and* rising prices.

Nuclear 'risks'

THE ECOLOGY PARTY, fielding 53 candidates, said that nuclear power was too dangerous to meet the energy shortage. Mr. Jonathan Tyler, party chairman, contesting Edgbaston, called for urgent fuel-saving measures, including a 50 mph speed limit on trunk roads and selective bans on petrol sales.

Unions prepare for aggressive campaign

BY CHRISTIAN TYLER, LABOUR EDITOR

TRADE union leaders yesterday launched their own campaign for getting out the Labour vote. The campaign, backed by canvassing, leafletting and speeches in about 60 marginal seats, will have two main themes.

First, it will argue that Britain is at a post-war economic watershed that can be crossed in safely only with a Labour Government committed to industrial intervention, support and control.

Its second point will be that a Conservative victory on May 3 would mean more than 1m jobs lost and a return to the industrial strife of Mr. Heath's 1970-74 Government.

But the campaign committee, Trade Unionists for a Labour Victory, which held its first Press conference in London yesterday, has a defensive as well *as an aggressive role.*

General secretaries of the eight Labour Party-affiliated unions leading the organisation are convinced that it will be a union-bashing election.

Those like Mr. Moss Evans of the Transport and General Workers, who are most identified with the winter of strikes, believe this is the card the Tories will play if they lose the economic arguments.

He declared yesterday that the Conservatives could not win the argument on prices, jobs, or the Common Market. Nor, he said, would the promise of income tax cuts deceive workers, who knew that direct tax cuts had to be paid for in other ways.

Mr. David Basnett, general secretary of the General and *Municipal Workers' Union* and chairman of the committee, uttered the first of many warnings about confrontation with the Tories.

"The Tories' message to public servants is a very bleak one—'vote for us and we will sack you'."

Sitting under a poster of a guttering candle — Labour's *reminder of 1974 and* Mr. Heath's three-day week — he said the recent bout of strikes under Labour could not be compared with those days.

Then, there had been no dialogue with Government. This time, disagreement had been resolved by "long, hard-working meetings ending in agreement."

Then came the concordat.

Mr. Evans said: "It's the difference between having a *shortage of toilet rolls and salt*, and not being able to cook at all and searching around for candles.

"This time, you may not have had sugar for your tea but then *you couldn't even boil a kettle.*"

He and Mr. Buckton, of the train drivers' union ASLEF, countered suggestions that Labour loyalties had been damaged by pay policy and strikes. They had both just returned from public meetings which suggested that trade unionists were already out

Mr. Bill Keys, of the print-workers' union SOGAT, talked of Labour's joint achievements in dialogue with the unions—such as the establishment of the National Economic Development Council and its rescue of the *paper-making industry—without* which journalists too would have been out of a job, he told the Press conference.

"If this country is foolish enough to adopt the Tory Party, yes, I think there will be confrontation.

"I think the reason will be because the Tories have put profits above people.

"The trade union movement stands for people first, not profit, *and this is what we are about in* this general election."

A strong secondary theme of the unions' campaign will be the contrast between the voluntary guidelines put out by the TUC *on picketing, secret ballots* and the closed shop, and the legal controls of which the Conservatives are talking.

The words "Pentonville Five" were heard yesterday—and they *will be heard again.*

If the Conservatives have come to expect this line of attack from union leaders, they are less happy about the organisational effort that the unions are putting into this campaign to prevent the big Labour abstentions of 1970 repeating itself.

The committee, working from *offices belonging to the General* Municipal Workers' Union near Euston Station, is setting up regional contacts with the Labour Party for trade union activists.

Many unions will be asking their paid officials to take annual leave so they can add their firepower to the doorstep campaign.

Pamphlets explaining policy are being sent to leading union officials to help them with their speech-making, and leaflets are being distributed to shop stewards urging them to help.

A broadsheet published by the committee will start to appear after Easter, and there may be some local advertising—or even national advertising—if the campaign turns heavily towards trade union issues.

The organisation will cost under £50,000 to run—the cost to be split among the eight unions and any others which care to contribute — unless a decision is made to start advertising.

Trade union contributions to the Labour campaign fund, now approaching the £750,000 asked for by the Labour Party, are being voted by individual unions.

The latest union to come forward is the Shopworkers, which yesterday guaranteed at least £70,000. These contributions are separate from the expenses of union-sponsored candidates, at about £2,000 a head. A record 161 sitting MPs and 36 new candidates have union sponsorship this time.

Benn backs state aid

By Ivor Owen

MORE TAXPAYERS' money must be channelled into British industry, Mr. Anthony Wedgwood Benn, *the Energy* Secretary, maintained last night.

"Britain's economic strength in the future depends upon a rapid build up of public investment in our industry," he declared in a speech at Seaton Delaval, Northumberland.

He blamed Britain's decline as a manufacturing nation on the continuing failure by the owners of private capital to reinvest sufficient of their profits into re-equipment and modernisation.

Mr. Benn complained that for more than 50 years too much money owned by British workers had been distributed as dividends or used for overseas investment, resulting in home industries having to face strengthened foreign competition.

"That is why public ownership has had to grow and is so important," he contended.

In sharp contrast to the low profile which other Labour leaders are keeping on the possible extension of nationalisation, Mr. Benn looked forward to new acquisitions.

Minority vote

ETHNIC MINORITIES will not have a crucial influence on the election result, in spite of Labour's "staggering advantage" among West Indian and Asian voters, New Society says today.

Electoral reform is Liberals' top priority

ECONOMIC AND industrial recovery can only follow from a radical programme of political and social reform. In a liberal society in Britain, power and wealth will be distributed more widely, and government subjected to open democratic control.

Participation and self-management will be encouraged, in government and in industry; public and private power will be, where possible, dispersed; individual initiative and independence will be rewarded; and a sense of partnership and community strengthened.

But UK action alone cannot provide the stimulus for these major political and social changes. Many of our problems have to be tackled at the European level; action is also needed in the regions and nations of the UK, and within local communities through the efforts of voluntary bodies and community groups.

But in an over-centralised Britain the process of reform is most urgently needed at the centre, in Westminster and Whitehall.

Britain has a grossly undemocratic voting system, over-centralised government and an ineffective Parliament. Piecemeal changes have failed to introduce the necessary constitutional reforms.

Liberals believe that electoral reform is the essential first step to representative parliament and government; in open government accountable to a reformed parliament; that decisions must be taken at the most local level practicable; and that people and their communities must take part in decisions that affect them.

Our first priority is electoral reform, because Britain's voting system is a root cause of our troubles.

It damages living standards by preventing consistent economic and social policies. It leads to governments claiming a false mandate in favour of policies which have been decisively rejected by a majority of the voters. It encourages negative voting, frustrates the intelligent elector and leads to increasing alienation from the whole political system. It rewards parties based on class distinctions and reinforces class divisions.

Without reform, our whole democracy is at risk.

Liberals demand proportional representation at all levels of government: at Westminster, to give us representative parliaments and genuine majority government; for future elections to the European Parliament, to avoid the disgrace of being the only member of the EEC not to use a fair voting system; in local government, where the present system can often produce one-party dominance with its dangers of corruption. Liberals believe that the single transferable vote achieves the fairest results.

Parliament should take control of its own business out of the hands of Government, and set up powerful select committees, to assert vigorous democratic control over the executive.

A national efficiency audit should be set up to scrutinise public expenditure plans and reduce waste.

We need fixed dates for parliamentary elections to avoid the uncertainty which Prime Ministerial privilege imposes on the country.

The House of Lords should be replaced by a new, democratically chosen, second chamber which includes representatives of the nations and regions of the United Kingdom, and UK members of the European Parliament.

Liberals supported the Scotland and Wales Acts, for all their defects, because we believed they offered a step in the right direction. These deficiencies — the weakness of the proposed Welsh Assembly and the constitutional contradictions in the Scotland Act — were exposed in the referendum debates and contributed to the results.

This experience has reinforced our belief that the massive decentralisation of power from Westminster and Whitehall to Scotland, Wales and the major regions of England — for which we have long called — must involve legislative, executive and fiscal powers taken together.

It has also demonstrated the need for a federal approach, which will involve a written constitution and a supreme court, as the only approach which can achieve legislative devolution within a workable framework of government for the UK.

The Tory reorganisation of local government proved an expensive disaster. In due course, the district and county councils must be replaced by one tier of multi-purpose authorities, whose boundaries match local needs and circumstances.

Progress towards peace in *Northern Ireland ought to come* from within the Province but if outside help is required Great Britain must be prepared to contribute.

As an interim measure we propose that a 15 to 20-member advisory council be elected by the people of Northern Ireland using proportional representation. Such a council would be large enough to let every significant viewpoint have a voice but small enough for all its members to have real discussion with each other as well as with the Secretary of State and other political representatives.

The council would represent the views of the people of Northern Ireland to the Secretary of State and advise him accordingly, and discuss how a constitutional conference should be set up to consider the means by which a generally acceptable form of government for the Province should be developed.

There must be no capitulation to violence. Direct rule must continue for the time being.

The civil power must be given military assistance for as long as required. Britain will not force Northern Ireland to unite with the Republic of Ireland.

All elections, including those for Westminster, must be by proportional representation. Continuing emphasis must be placed on the achievement of full human rights.

The liberty of the individual requires constant vigilance. Restrictions can only be justified if they protect the freedom of others. Liberals emphasise legislation to protect individual rights; a clear definition of citizenship; equal opportunities for men and women in all spheres, especially equal pay for work of equal value; and protection for minority groups.

BRITAIN'S voting system encourages negative *voting, frustrates* the intelligent elector and leads to increasing alienation from the whole political system. It rewards parties based on class distinctions and reinforces class divisions.

We need a Bill of Rights—as a first step, Britain should incorporate the European Convention on Human Rights into United Kingdom law.

The steady increase in crime can only be checked in the short run by recruiting many more police, by improving working conditions: strengthening the links between the police and the communities that they serve; having the greatest practicable number of policemen "on the beat" by day and night; making more resources and facilities (including secure accommodation) available to magistrates and others concerned with juvenile offenders, to curb juvenile crime and rehabilitate juvenile offenders.

There *should be only one* class of citizenship for citizens of the UK and colonies. We would abolish the discrimination against non-patrials which creates second-class citizens.

Citizens of the UK and colonies, including residents of Commonwealth countries who accepted the offer of remaining UK citizens when independence was granted, should have a right of entry. Spouses, children and other dependents of UK residents should be allowed to join their families in Britain and all children who have been born abroad of *British mothers* must have automatic right of citizenship.

In order to ensure equal opportunities and rewards for women and men, we propose: changes in the patterns of work to allow for greater flexibility, part-time and weekend work, so that men and women can better meet their social and family needs; legislation to ensure that job evaluation schemes give adequate weight to factors found predominantly in work customarily done by women; removal of anomalies in National Insurance *benefits which* are based on outdated assumptions about the roles of men and women in contributing to family income; reshaping the Equal Opportunities Commission to create an effective instrument against discrimination.

Britain is a diverse and multicultural society and Liberals rejoice in its richness, which owes much to the peoples of many different ethnic origins and cultures who have chosen to live here.

We will protect and defend the rights of minorities by a comprehensive law outlawing discrimination on grounds of race, sex or political belief with enforcement through a single Anti-Discrimination Board; providing a legal right for nomadic people to live according to their lifestyle so long as this does not harm others; removing all legal discrimination based on sexual orientation.

The failures of our political system are reflected in our economic and industrial system. Confrontation is used instead of co-operation, resistance to change obstructs innovation, and frequent changes of government policy weaken our economy still further.

Inflation has started to rise again, unemployment *is* unacceptably high and we are becoming increasingly uncompetitive in world markets. We have an unjust industrial society in which most workers are pitted against management and are denied any share in decision-taking or in profits.

We need a radical long-term programme of reforms to restore Britain's economy and industrial prosperity.

Liberals believe in controlled and steady economic growth (in co-operation with our European partners), with greater attention to conservation of scarce resources, especially energy and land; harnessing the potential of all at work to improve enterprise and productivity.

We believe in providing opportunities of useful work for all; protecting the citizen from inflation by reconciling rises in incomes with the real rate of growth of the economy; ensuring that the primary aim of *government intervention* in industry should be the promotion of viable market enterprises.

We see a revolution in attitudes among all at work through the introduction of democracy in industry as the key to reversing Britain's economic decline. This means employees' sharing control and profits with shareholders.

A halt to economic decay

FUNDAMENTAL POLITICAL and constitutional reform, headed by a change in the voting system to ensure proportional representation by the next general election, is advocated in the Liberal manifesto.

It is called: The Real Fight Is For Britain. It includes a warning from Mr. David Steel, the Liberal leader, that *if* a Conservative or a Labour Government gets an exclusive hold on office on May 3, Britain will slip "even deeper into industrial confrontation and economic decay."

Mr. Steel appeals for a mass Liberal vote throughout the country to give the party a "wedge" of MPs in the Commons big enough to break the two-party stranglehold.

The Liberal reform programme includes proportional representation, preferably by single transferable vote, for elections to Westminster, the European Parliament and local councils.

An important change from taxes on income to taxes on expenditure and wealth *forms the basis for* a radical restructuring of the taxation system, aimed at instituting *an initial rate of 20 per cent for income tax,* with the top rate held at 50 per cent.

The revised constitution envisaged in the manifesto would centre on a federal system and include a written constitution and a supreme court.

Such a framework, it is said, would enable legislative authority to be devolved to Scotland and Wales as part of a massive decentralisation of power from Westminster and Whitehall, designed also to benefit the principal English regions.

Differences within the party leadership over the long-term policy for Northern Ireland are reflected by an interim proposal for the establishment of an advisory council.

Such a body would be large enough to provide a voice for every significant viewpoint, but small enough to permit all its members real discussions with each other as well as with the Northern Ireland Secretary as direct rule continues "for the time being."

Changes in the Parliamentary system call for the replacement of the House of Lords by a new, democratically chosen second chamber, with representatives of the Nations *and Regions of the UK, and members of the* European Parliament.

We would achieve this by giving all employees (irrespective of trade union membership) legal rights as individual members of their company: a direct vote in electing the board of directors jointly with the shareholders: rights to information about its plans and prospects; to participate in decisions through elected works councils; and to share in the profits.

Liberals would encourage producer co-operatives by establishing a Co-operative Development Bank.

Efficient use of resources means reducing Britain's consumption of non-renewable raw materials, through government support (including tax incentives and penalties) for conservation, energy saving and recycling schemes.

More jobs in new industries, as well as in agriculture and in the service sector, must be created to replace those being lost through international competition and technological change. *Further positive discrimination* in favour of small businesses and producer co-operatives, through changes in the tax system and in planning controls, will help to provide the catalyst for industrial renewal.

We would introduce a sustained prices and incomes policy based on wide consultation and enforceable at law. Our incomes policy would be supported by tax measures and a national minimum income. It would reward increases in value-added. We support attempts to synchronise annual wage settlements.

Liberal proposals for reducing personal taxation, introducing industrial democracy and profit-sharing are esential elements of an incomes policy since they would transform the industrial climate, restore *incentive* and *reduce inflationary* expectations.

The role of government is to provide a stable political and economic framework, not to dominate the economy. But it is dangerous to pretend that government can be taken out of *economic* and industrial planning, given the unavoidable importance of public spending and the active involvement of governments of competitor countries in supporting their industries and promoting their own economic interests.

There is no case for further *large-scale nationalisation* in Britain; but attempts to denationalise at present would further disrupt the industries affected. The National Enterprise Board provides a valuable mechanism for assisting new industries and for aiding companies *temporarily in difficulty,* but it should disengage from them when they regain commercial viability.

The framework of government economic and industrial policy should be made more open and more subject to parliamentary control, by including Opposition parties on the National Economic Development Council and by establishing a select committee for economic affairs to consider its reports.

The British tax tax system frustrates initiative, inhibits new enterprises and discourages the wider spread of wealth. Penal rates of taxation encourage successful avoidance and evasion; while the poor and disadvantaged face a bewildering array of means tests and often fail to receive an adequate income.

Liberals believe in providing an adequate minimum income for all; treating men and women as equals for tax purposes, whether married or single; providing greater incentives for earning, productivity and enterprise; encouraging employees to build up a stake in their enterprise; widening the distribution and individual ownership of wealth.

The central reform needed is the introduction of credit income tax, which should abolish the means test, introduce cash credits in place of personal allowances, social security payments and *national insurance* benefits; provide credits for students of all ages, for rate relief and housing.

We also need a major switch from taxes on income to taxes on wealth and expenditure and propose income tax starting at 20 per cent with a top rate of 50 per cent: a substantial increase in the level of income at which people first pay income tax; a *gifts and legacies tax,* paid by the recipient in place of capital transfer tax; a wealth tax on very large capital accumulations in place of the *investment income surcharge,*

THERE is no case for further large-scale nationalisation in Britain; but attempts to denationalise at present would further disrupt the industries affected. The National Enterprise Board provides a valuable mechanism for assisting new industries and for aiding com*panies temporarily* in difficulty, but it should disengage from them when they regain commercial viability.

which would be repealed.

*We also suggest tax incen*tives for profit-sharing and employee share ownership and self assessment of tax liability with spot-checks by the Inland Revenue.

Freddie Mansfield

Mr. John Pardoe, Liberal MP for Cornwall North, holding up the party's manifesto.

The changeover would be introduced over several years *and be matched by indexation* of taxes on drinks and tobacco, a single rate of VAT and the replacement of the employer's National Insurance contribution with a regionally varied payroll tax.

In a federal Britain, regional and *local government* would have powers to raise the revenue they need for the services they provide. Income tax would be the main source of revenue at regional level with a tax on all land values (except agricultural land which would be zero-rated) being the main source of revenue for local government, which would also have powers to levy its own taxes. These would replace domestic rates.

Liberals laid the foundations of the modern Welfare State, but the original vision has been lost in a jungle of complex rules, means tests and decisions taken by remote officials.

Liberals believe in recreating service which recognise and respond to human needs, without excessive bureaucracy; making a reality of democratic control; providing greater choice *for the individual;* renewing inner city life.

Tax credits would meet the needs of the unemployed, retired, disabled and disadvantaged, and provide for maternity, children and students *of all ages.* All income would be taxable and where tax liability exceeds cash credits, the difference would be paid as tax; where credits exceed tax, individuals would receive cash regularly.

It would take several years to introduce a full tax credit scheme and in the meantime, we would give priority to further increases in child benefit and the progressive conversion of other allowances against income tax into positive cash credits: the introduction of a supplementary pension for all pensioners not qualifying for a full earnings-related pen*sion under the new* state pension scheme, reducing the number of pensioners needing to apply for supplementary benefit: the introduction of a disablement allowance to help offset the additional expenditure caused by disablement.

Liberals seek to make the Welfare State more effective and democratic. Providers and receivers of care should participate in running the services. The elderly (especially the over 75s), single-parent families, the disabled, the mentally handicapped and the *mentally ill should* have priority for additional resources.

We propose to tackle the mushrooming bureaucracy created by the Tories' reorganisation of the health service by abolishing the area health authorities and bringing power back to the level of the local health district, and by placing the regional health authorities under the control of elected Scottish, Welsh and regional assemblies.

Housing policy should retain existing communities and help build new ones. Priority must *be given to improvement of* existing houses instead of wholesale clearance and rebuilding.

We would introduce an occupiers' and owners' charter which safeguards the rights of both tenants and owners of rented housing. Housing co-operatives and smaller locally-based Housing Associations, which should be run democratically, should be encouraged.

Councils should be required to build more homes for sale, and adequate resources should be *provided for* the full implementation of the Housing (Homeless Persons) Act, a measure introduced by Liberals.

Liberals would concentrate resources on inner cities by positive planning for community based jobs, schools, housing and entertainment.

We see education and training as a lifelong process that must be as widely available as possible to people of all ages. Secondary education must be non-selective with schools and colleges matched to local needs and working together to give maximum choice to students.

Post-school education must be integrated with closer links between universities, polytechnics and further education.

The industrial world consumes far too much of the world's non-renewable resources and is becoming increasingly dependent on imports of energy.

OUR long term aim is a federal Europe based upon democratic institutions and an equitable sharing of economic and social burdens. This involves working towards economic and monetary union and more effective regional and social policies to overcome unemployment and deprivation.

Liberals believe in conservation and wiser use of scarce resources, especially land and energy; war on waste and pollution; the need to preserve the natural environment for future generations; a re-ordering of our economic and social priorities to put them on a sounder basis.

Liberals have repeatedly expressed doubts about a massive *commitment* to nuclear power and questioned the decision to expand the Windscale reprocessing plant. We must spread the extraction of North Sea oil over a longer period and use the revenues for long term investment with high priority for widespread energy conservation and developing alternative energy sources.

We would legislate to improve the standards of public transport in both towns and rural areas by making it more responsive to local needs and subject to democratic control.

We would limit expenditure on new road-building to socially desirable projects; increase emphasis on road safety and therefore support the early introduction of tachographs in lorries; oppose further nationalisation of the ports and reject implementation of the dock work regulations scheme; retain the British Waterways Board and increase expenditure on canal maintenance; retain the British Rail network—and, where necessary, treat it as a social service; support a rail-only Channel Tunnel, financed with the aid of EEC finances; improve the international communications of the regions by dispersing more international air traffic outside London.

Liberal policy aims at providing a fair return for the farmer and reasonably priced food for the consumer. We also need a co-ordinated approach to the needs of food production and conservation of natural wild life which recognises their interdependence.

We therefore propose fundamental reform of the EEC Common Agricultural Policy to produce competitive prices, avoid structural food surpluses and encourage efficient farming, the creation of a land bank to help new entrants to farming, and the expansion of co-operatives; more land for small-holdings; to raise the guaranteed minimum earnings for farmworkers; radical reform of the Common Fisheries Policy, conservation of fish stocks and a 50 mile exclusive limit for each member state within the EEC.

Land is a finite resource and we need careful planning to ensure an adequate supply of land for housing without using valuable farm land. Resources should be concentrated on inner city renewal and rural regeneration so that all parts of Britain are fit to live in.

We would make polluters pay the costs of their pollution, drastically amend the Community Land Act, introduce taxation of the unimproved value of land, in its optimum permitted use (agricultural land to be zero-rated), introduce fiscal incentives for conservation, reclamation of industrial wasteland and recycling.

On Europe and the world, Liberals believe in opposing all forms of aggression and imperialism: emphasising the protection of political and human rights as a basis for foreign policy; fostering closer co-operation within the European *Community as the* most constructive means of promoting Britain's best interests; supporting closer integration of defence, security and weapons procurment policies within the Atlantic Alliance as the most effective way of utilising scarce resources; working for a more equitable distribution of power and wealth throughout the world.

Liberals support positive co-operation with the developing countries.

In Europe, we support a stronger and more democratic *Community. Our long-term* aim is a federal Europe based upon democratic institutions and an equitable sharing of economic and social burdens. This involves working towards economic and monetary union and more effective regional and social policies to overcome unemployment and deprivation. It also means commitment to the strengthening of the European Parliament. Only such a parliament, elected by proportional representation, can provide democratic political solutions to Europe's problems and make nationalist solutions as irrelevant as they are dangerous.

Europe's foreign policies must include continued close relations with the United States. We firmly support a peaceful settlement of the Middle East conflict within the framework of the relevant *United Nations resolutions.*

In southern Africa, Britain has a special historic responsibility, and we must continue to work with our allies and with the United Nations to promote peaceful change. We support the Anglo-American efforts being made to end bloodshed and to establish an independent Zimbabwe with a government elected under international supervision.

We believe that sanctions should not be lifted nor recognition accorded until such a government is established.

Europe's defence must be a common defence, based on integrated forces and an integrated command within the Atlantic Alliance. Co-operation in armaments should be accompanied by ending British arms sales except in the context of a treaty of mutual defence.

It is one of the most important duties of Europe to help those peoples of the Third World who still lack effective influence in the international economy.

The Liberal programme offers a coherent framework for a series of reforms which will need years of intensive effort. This requires for its success the support of an informed public, co-operation in industry, and a new spirit of mutual understanding among the democratic political parties.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● BANKING

Electronic filing

FOLLOWING THE recent announcement that Midland Bank and Burroughs were studying methods of retaining the cheque, but doing away with the heavy overhead of handling vast volumes of paper, by turning the cheque data immediately into a digital "picture," comes the news that a major European bank will be going live on just such a system for document storage and retrieval this coming June.

Equipment to be used is the brain-child of a small company called Correlative Systems International which is based in Belgium at rue de l'Aeronef, 1130 Brussels.

It has called the equipment Videofiche, and describes the purpose of the unit as getting rid not only of all paper documents in administrative work, but also of all microfilm. In other words, this is a fully electronic document capture and storage system.

What the equipment does is first to scan incoming documents with a Fairchild charge-coupled array which, in a unit mechanically similar to any camera used for microfilming operations, replaces the optical portion. This CCD contains 1,728 elements and its output is turned into a 1,000 point by 750 line page, the digital description of which goes to a magnetic disc.

When the latter is full, the contents are automatically dumped to tape, at the same time being marked with synchronising signals to turn the data stream into something akin to a TV signal.

A significant economy in the operation is achieved by having the digitisers ignore white background of the document but provide a signal for start and end of the white field.

Thus a 300 Megabyte disc can store as much as 6,000 images of A4 documents and the standard videotape reel used will take 75,000 images. This is respectively *twice* and *three* times as much as would be possible without background elimination.

Retrieval of the document from its electronic archive takes place on a display tube. All the operator has to do is call up the document by its number, either from the disc or the videotape. From disc, recovery is almost instantaneous. From the large-capacity tape, it can take an average of 45 seconds but 3½ minutes maximum.

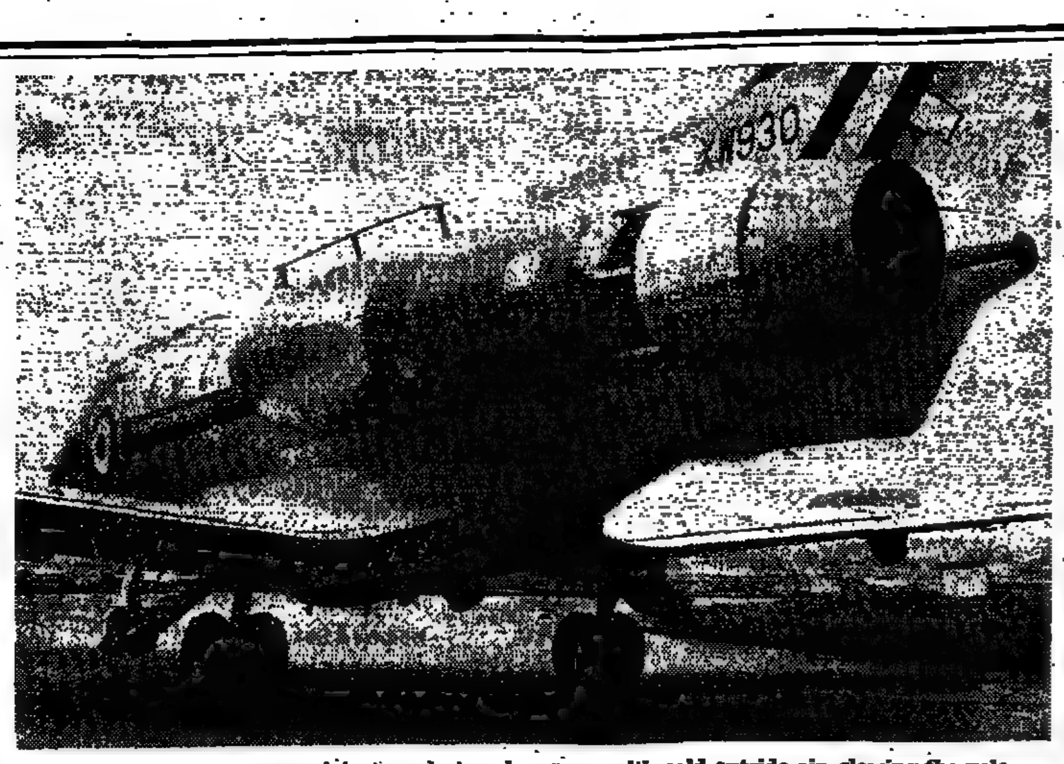
The CCD camera, the magnetic video-tape and the terminals are all controlled by National Semiconductor micros. The main control computer is a mini from General Automation. It is powerful enough to handle up to 16 display terminals.

Each terminal has enough solid-state memory of its own to generate character or graphics images, and provide scrolling for A4 pages.

Correlative Systems wrote the software and assembles most of the specialised hadware. It has built several systems already and one has been installed at EEC headquarters in Brussels. Meanwhile, its large banking client is Crédit Communal de Belgique, whose system will handle 200,000 documents a day!

The importance of a system such as this in the banking world, which is one area of business where paper is an enormous and continually more burdensome problem, cannot be under-estimated. Whether or not rapid progress can be made towards completely electronic handling of money documents remains to be seen. It is likely that the banking laws will require extensive amendment for this to take place. Videofiche has applications in many other areas than banking, however.

More from Corr/Sys UK, Catherine Street, Aston, Birmingham. 021 328 4840.



A mechanical suppressor/ejector, designed by McDonnell Douglas Corporation for possible application to an advanced supersonic transport, is reported to have resulted in significant engine noise reduction during a joint U.S.-British flight test programme. The suppressor can be seen at the rear of the modified Rolls-Royce Viper engine. Noise was reduced by mixing hot engine exhaust gases with cold outside air, slowing the velocity of gases leaving the ejector and by absorbance of noise by an acoustic lining in the ejector. The system was tested on a modified British Aerospace HS-125 aircraft provided by Royal Aircraft Establishment. McDonnell Douglas said test results indicate an advanced supersonic transport could be quieter than many of today's commercial airliners.

● DATA PROCESSING

High performance micro promise

INTEL reports that it will "shortly announce" the 8088, which will be "world's highest performance eight bit microprocessor."

The device apparently makes use of the 16 bit internal architecture of the 8086 combined with the eight bit bus interface of the 8085. The 16 bit internal structure, says the company, provides a performance which far surpasses any current eight bit processor.

However, the 8088 is 100 per cent software compatible with the 8086. It has advanced arithmetic and alphanumeric (ASCII) data abilities so that programs require fewer instructions and run faster than with other eight bit devices.

The instruction set is structured for efficient high level and assembly language programming, which shortens development times to allow eight bit products to be brought to the market more rapidly.

The circuit can be used to expand the performance of existing products and meet the speed and software needs of new applications that were previously outside the scope of eight bit machines.

More from 4, Between Towns Road, Oxford OX4 3NB (0865 771431).

Less power needed

THE SERIES 2115/2125 1k static random access memories from Intel are now being produced by a new process called HMOS-2 and as a result are 33 to 43 per cent faster than bipolar 1k RAMs and consume up to 36 per cent less power from the single 5-volt supply.

The devices are selected for access time by the maker and can be offered at 35, 30, 25 and 20 nanoseconds. All are direct pin-and-performance compatible replacements for bipolar devices, but exhibit a dramatic reduction in power used.

The two faster devices will better the bipolar RAM performance in terms of both speed and power and are claimed to be the fastest 1k RAMs at present available.

Direct current stable circuits are employed in the devices, which do not require external clocks. Data is read out non-destructively and has the same polarity as the input data. All the units are TTL compatible *and will handle 16 mA of output sink current.*

● ENERGY

Solar devices code

MOST OF the current activities of the recently formed Solar Trade Association are concerned with the establishment of good standards in the solar industry.

As a first step in its plan to produce codes of practice covering all sectors of the industry, the STA has prepared a code of conduct for manufacturers, suppliers and installers of solar water heating systems for domestic hot water and *swimming pool applications.* All STA members will be required to conform to the code from July 1 this year.

Main aims are to ensure customers (whether other companies or ultimate consumers) receive the best possible service from STA members in respect of materials, components, installation and repair work supplied or undertaken by such members; and to resolve any complaints which may arise concerning any aspect of supply installation and repair work carried out by STA members and provide a procedure for conciliation, or simple arbitration, if *complaints* cannot be settled directly between a member and his customer.

The code covers advertising, selling, the obtaining of permission and approvals, as well as installation, service and repair. The STA's conciliation and arbitration procedures are outlined in Appendices.

A copy of the code is available from Solar Trade Association, 26 Store Street, London, WC1E 7BT at a price of 1 including post and packaging. 01-636 4717.

● METALWORKING

Three head miller

BASED ON the observation that most company's machined parts get smaller in size as the batch size increases, the Rambaudi NC/3 CNC milling machine has three spindles in line, with facilities for driving one, two, or all three.

Available from Elgar Machine Tool Company, Victoria Road, London, NW10 6NY, (01 965 8911), the machine has *spindle horsepower* and machining area related to the number of spindles being driven.

As a single spindle machine, driven through the centre spindle, it delivers ten horsepower. Using the two end spindles, the available power is 5 hp per spindle. In both cases the machining capacity is 600 x 400 x 450 mm. If all three shafts are used, the available power is 3 hp per spindle with a working envelope of 300 x *400 x 450* mm.

Spindle speeds are infinitely variable between 33 and 2500 rpm and the rapid traverse rate is 5000 mm/min with feed rates from zero to 2000 mm/min.

Controller fitted is an Allen Bradley 7320, with the customary advantages of part-program editing, memory and extensive "canned cycle" facilities.

● CONFERENCES

Discussing electronics

COURSES and meetings aimed at managers, memory designers and users of data communications are planned in the next few weeks.

No doubt responding to the exhortations of politicians, academicians and others for more understanding of the application of microcomputers on the part of UK industrial managers, Motorola is to run three separate courses in May one of which is aimed specifically at directors, engineering managers, production and marketing executives. The other two will be concerned with specific Motorola devices. More on 01-902 8836.

Intel is offering a two-day memory designer's course at 195, Piccadilly, London, on April 25 and 26 at which leading experts from the U.S. will discuss all aspects of the subject. More on 0865 771431.

"Telecommunications today—a user perspective" is the title of a two-day conference organised by ISL Information Studies, to be held at the Cumberland Hotel in London on May 10 and 11. Idea is to bridge the gap between the data user and the media he is bound to use for transmission—in Europe the PTTs. More on 09278 4244.

Computers in design

A FIRST call for papers has been put out by the organisers of the fourth international conference and exhibition on computers in design and engineering.

Known as CAD 80, the conference is to be held at the Metropole Hotel in Brighton, March 31 to April 2, 1980 and has the stated aim "preparing *for the next decade of CAD* (computer aided design)."

Most aspects of the subject will be covered, and intending authors should submit four copies of a 500 to 700 word abstract or the full paper, in English, to reach the conference organiser not later than Tuesday, July 31, 1979. Full papers should not exceed 3,500 words.

More details from the organisers, Computer Aided Design, IPC Science and Tech*nology Press,* P.O. Box 63, Bury Street, Guildford, Surrey GU2 5BH (04833 31261).

Atmosphere made more pleasant

SOLUBLE AND synthetic coolant mist produced by machining processes can be extracted from the working atmosphere by environmental pollution control units designed by T. P. Ford, 111 Wordsworth Crescent, Kidderminster, DY10 3HA.

The units have been designed particularly to keep routine *maintenance of them down to a* minimum; it takes only a few minutes, once every four months, to remove, wash and put back the filter pads.

To ensure that the mist is extracted away from a machine operator's breathing zone, exhaust hoods are positioned at the top of the machine and the sides enclosed with rubber curtains. Each unit has a fan at the collector inlet which sucks the coolant mist on to the filter pad through a flexible hose attacked to the exhaust hood.

Droplets continually coalesce on the pad and fall to the bottom of the collector. Coolant is drained back to the sump while the air is recirculated into the machine shop.

● TELEVISION

Pictures on record

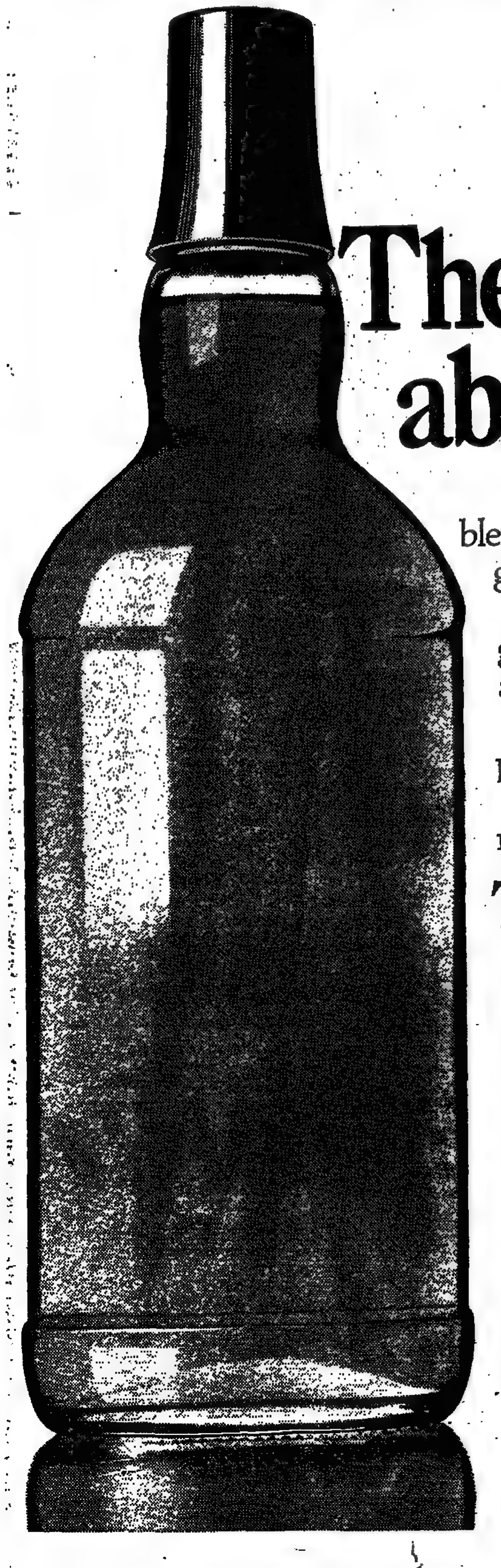
AMONG NEW Sony products to be seen in Europe for the first time at Montreaux '79 from May 27 to June 1 are two new VTR's *at opposite ends of the recorder* range. The BVH-110 PS 1 inch, and the lightweight, BVU-50 are the two units.

BVH-1100 PS, operates on both PAL and SECAM. It has been developed to meet the European Broadcasting Union Type C format. This new VTR features optional dynamic tracking, giving broadcast quality replay over a speed range of one-fifth normal speed in *reverse, through still frame,* to twice play speed forward.

Insert and assemble editing between two recorders with edit points trimming and memory, confidence video replay and an optional fourth audio track are other facilities. Console-mounted versions, with associated monitoring systems, will be shown. Also on view will be the portable version, the BVH-500 PS—with a new *colour playback adaptor for* field monitoring.

The BVU-50 weighing only 5.6 kg (12½ pounds), is a record-only VTR, but with a confidence replay head to check the presence of a recording on the tape. Available in PAL and SECAM versions, the BVU-50 is completely compatible with other Sony Broadcast machines of its type. The recording format offers two programme audio tracks plus a time code track. Important operating parameters are monitored by an alarm system, with operator visual and audible alarms.

Sony Broadcast, City Wall House, Basing View, Basingstoke, *Hampshire,* RG21 2LA. 0256 55011.



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

A make or break year at Leyland Vehicles

BY KENNETH GOODING

David Abell: always better at dealing with disasters.

DAVID ABELL, 36, the new chairman and managing director of Leyland Vehicles (LVL), has told employees of BL's truck, bus and tractor division: "If we do not make it in 1979 I do not believe we will have another opportunity . . . it really is make or break year and I have no doubt in my mind that 1979 will be of great importance in the rise or fall of LVL."

He insists this was sincerely meant and not just a political speech designed to terrorise the workforce into a more submissive mood. He does believe that potential disaster could be ahead. *But he also claims that* he has "always been better at dealing with disasters."

And it is true that on two occasions since 1968 he has *sorted out loss-makers* within BL (or British Leyland as it was then). He first stopped the rot within Prestcold, the commercial refrigeration subsidiary, and six years later was handed a much bigger problem — salvaging what could be salvaged from Leyland Australia.

Now that he has taken command at LVL he has the biggest challenge of all on his hands.

Since 1973 LVL has steadily lost ground in its home market, dropping from a 30.1 per cent share to a miserable 19.3 per cent last year, the worst performance in the company's history.

Conclusion

The truck importers have benefited. In 1973 they had only 7.5 per cent of the UK market and by last year their penetration had risen to 17.8 per cent. Yet over the same period *the combined* sales of UK truck manufacturers excluding LVL actually rose slightly from 62.4 per cent to 62.9 per cent.

Mr. Abell says there is only one conclusion to be drawn from the statistics: "The importers' increases were made entirely at our expense."

He says there are many reasons for the sharp decline in LVL's performance: "Reliability, styling, resale value, performance, the discontinuing of certain models and, perhaps the most important of all poor vehicle supply. For one thing is certain, without trucks you can't sell them."

This is the attitude he took to the union representatives when he told them the workforce must be cut. In 1971 LVL *produced nearly 55,000 vehicles* with 27,000 employees. Last year the company had 28,000 employees but produced only 46,280 vehicles.

Mr. Abell *maintains* the company must shed at least a net 2,000 jobs and produce 30 per cent more vehicles to head back towards viability. Nearly all the jobs to go will be staff or indirect labour—LVL is actually recruiting direct labour in some areas—and the cutback can be achieved mainly by natural wastage.

But there will be some redundancies and the major casualty is at Southall, West London. There, 3,000 jobs will be lost with the closure in May of the AEC factory (while LVL vehicles all now carry the Leyland names the separate plants *are still identified* by former individual names such as AEC, Guy, Albion and Scammell). Some of those made redundant will be offered jobs elsewhere within LVL *as the AEC operations* are absorbed into other plants.

So far there has been no serious industrial strife since Mr. Abell began to put forward his plans. Output at all LVL plants in February and March this year has been ahead of budget.

The unions complain, however, that LVL's plans for the future are not ambitious enough and more jobs would be preserved if they were a little more bold.

Mr. Abell points out that he inherited the plan when he took over three months ago. "It is a sensible plan and represents as much as we could achieve. With the possible exception of the development of buses for overseas markets we have a very creditable plan to 1982."

The company's T45 range of trucks from 16 tons to 44 tons will be introduced progressively from the second half of this year at an average rate of one model every three months for the next 3½ years. The first to reach the market will be the low-volume, very-heavy trucks and the first high-volume vehicles will not be seen until *the end of 1980.*

Mr. Abell describes the new Leyland cab which will be standard throughout most of *the range as "world class"* and says it has excited interest among other truck makers. Some of them might well use it.

Another truck range, code-*named T43, for overseas markets* will also be launched this coming autumn.

A new £33m technical centre is going up at Moss Side, near Leyland, Lancs. A £17m modernisation scheme has started at the parts division at Chorley, Lancs., and a further £31m is being spent on a new assembly hall at Leyland.

Like the T45 project, the assembly hall scheme dates back to 1973 although both will be on stream this year and will run through into the 1980s.

In all, LVL's capital spending last year reached £40m. This year it will be about £50m. That is why Mr. Abell does not hold out any hopes for big profits in the short term if LVL gets back to viability.

"Our turnover will be about *£500m this year, which means* capital expenditure will be about ten per cent of sales. What other company is investing that kind of percentage of sales? That spending will show up in enormous depreciation costs. But then we are having to make up for ten years of under-investment."

Last year was bad for LVL. The two disputes at the Bathgate truck plant cost sales worth £120m and 9,000 "lost" vehicles. In all, disputes cost 11,000 vehicles or 20 per cent of planned production. As a result the value of sales was only slightly ahead, from £409m to £442m, and there was a loss of £3.5m before interest and tax and £15m after interest.

LVL also suffered because it was without a managing director for six months after the sudden departure of Mr. Des Pitcher in July. Mr. Abell was the first to be offered the job by Mr. Michael Edwardes, BL's chairman and chief executive. But he turned it down, believing he was best-suited to managing a group of small companies like those which made up SP Industries, BL's specialist engineering division, where he was *managing director.*

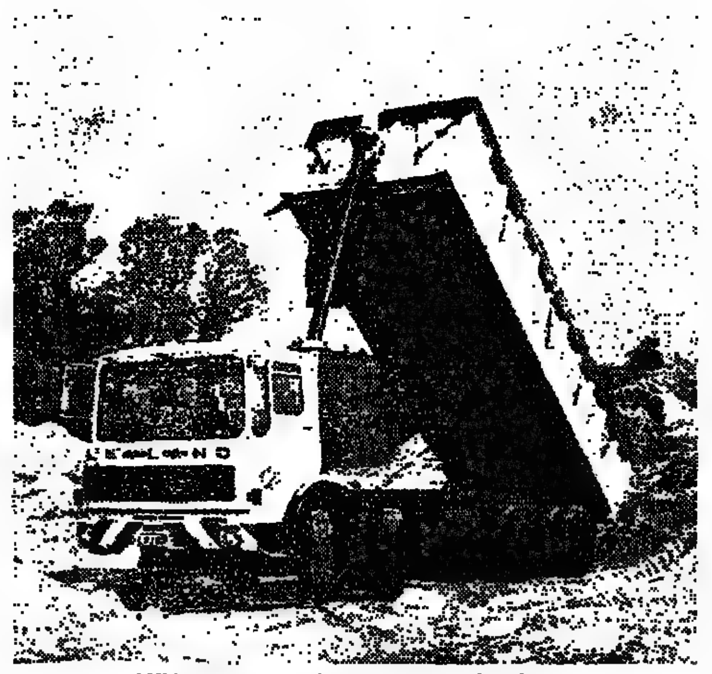
And at SP Industries he had his problems to deal with. Both Prestcold and the construction *equipment business, Aveling* Barford were in trouble. Aveling Barford in particular was *in serious straits because* of the falling value of the dol*lar—construction equipment* being a business where international prices are quoted in U.S. dollars.

Context

Mr. Abell took over as chief executive at SP Industries in July 1975 and immediately set to work ploughing in the investment so sorely lacking in the past. Ironically, a great deal of the cash went to expand Prestcold and Aveling Barford—but it turned out to be a case of the right things being done at the wrong time, he claims.

Both Prestcold and Aveling Barford have been put up for sales by BL. Mr. Abell says he must take the responsibility for their present financial near-collapse. But he points out that *all the investment was based on* BL's corporate assumption that the dollar would stabilise at \$1.69 to the £. "And don't forget my successes with the other SPI companies—Coventry Climax, Alvis and Self-Changing Gears."

These three companies were shifted with Mr. Abell when eventually he agreed to move over to LVL, leaving Prestcold and Aveling Barford very much out in the cold.



LVL's new high-payload Octopus eight-wheeler

Explaining the move, Mr. Edwardes *maintained* that SP Industries as a separate unit was out of context with the rest of the BL group. It was too small. He said it was logical to put *Alvis, Coventry Climax and Self-Changing Gears* into LVL "and what it has done is enable David Abell to optimise the resources of people. He is seeing how he *can use the talent we have* across all those companies in the best way."

Structural changes have been made already. Mr. Abell says that he found conflict between the various sales and marketing organisations within LVL which consisted of central marketing; the marketing of medium and light vehicles from Scotland; heavy vehicles from Leyland; the international team based in London and a European team in Birmingham. Each stuck very much to its own segment of the business and customers wanting a range of products had to make several points of contact.

So all the sales and marketing activities now have been centralised at Leyland and Mr. Frank Andrew, 39, former general manager of LVL's medium-light truck division, has become sales and marketing director.

And the fact that Prestcold and Aveling Barford are to be sold has not precluded Mr. Abell *from using some of their* senior management talent for LVL. Mr. Bob Morris has moved over from Prestcold to become overseas sales and marketing *director (reporting to Mr.* Andrew) while two from Aveling Barford, Mr. Ian McKinnon and Mr. Tony Jordan, have become respectively general manager of the medium and light trucks division and production director at the Bathgate plant.

At the same time Mr. Abell *simplified what* was a very complex reporting system within LVL.

And that is as far as the changes will go. He said: "I *have told people there will now be stability.* Things will stay as they are from now on and we will either sink or swim."

The new structure is enabling *decisions to be taken very* quickly and, as Mr. Abell points out: "Much of the groundwork had already been done. All that was needed was someone at the top to take the decisions, to provide leadership. Someone to provide a focal point."

He stresses that there is no question of LVL being sold off. In any case it would be unacceptable politically in Britain for BL to allow its commercial vehicle business to be acquired by a major competitor, even if that competitor happened to be European.

Neither is there "one big deal which with a bang would *resolve most of our problems.* But I am in favour of a series of co-operative deals involving a number of important components."

LVL needs to improve its weak position in Continental Europe and co-operative ventures might help. Not only does it need to catch up in Europe but it is being left at the post by the several European groups who are making attempts to break into the medium-range truck market in the U.S.

Soon after he arrived at LVL Mr. Abell called together its 90 senior managers from around *the world to hear their views* at first hand, see presentations about LVL's future and poten*tial and to tell them:* "You might not like me but I'm the last managing director you are going to get."

The meeting raised morale and was so successful that it was repeated at various plants so that the message could be passed on to about 800 more members of LVL's management.

Mr. Abell has an uncanny ability to answer questions about any company in which he is interested in some detail because he has what is commonly called "a photographic memory." However, it is a trait which also gives the unfortunate impression that he sees all of life in balance-sheet terms.

Mr. Abell began his career as a graduate trainee with Ford and later joined AEI. There he met and worked for John Barber who was later to become managing director of British Leyland. Mr. Abell moved on from AEI to First National Finance Corporation—in those days a "fringe" bank, much smaller than it became before its financial collapse some years later.

He first joined BL in 1968 as assistant treasurer, specialising in financial analysis. When it was decided that something must be done about the losses which had developed at Prestcold he was sent in as executive chairman. He turned Prestcold round and returned to the mainstream of the corporation when he was appointed treasurer.

For 18 months he took a temporary leave of absence from BL for another spell with First National Finance. In July 1974 he was back and almost immediately was handed the job of sorting out Leyland Australia which was losing money at the *rate of A\$1m a month.* He helped put the business back into shape and it was sold to the Australian government. In July 1976 he was back in Britain as managing director of SPI.

Mr. Abell has also become a millionaire. Not on his BL salary but because from a relatively early age he became fascinated by stock market investment and his hobby became a money-spinner.

He maintains: "One of the benefits of being rich is that you can stand up and fight for your decisions without having to think about whether a fight might cost you your job. Too many managers back away when that threat is implied.

"This is a high-risk job I have with LVL. But it has started much better than I expected and we have achieved a great deal in the first three months. I am enjoying myself tremendously and I certainly don't stay awake at nights worrying about what might happen."

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

CI and VAT

A Guernsey company provides a consultant and advisory service on a wide range of industrial problems. Some of its experts are UK residents. They are not paid retaining fees but are employed by the company, as required, according to an agreed scale of fees. What please is the VAT position? Has the company any obligations to the UK with regard to tax to which these experts may *be liable?*

Although you say that the UK-resident experts are "employed by the Guernsey company," we infer that they are in fact independent subcontractors engaged under contracts for services (not employed under contracts of service). That being so, we presume that they are each registered for VAT, and that the payments they receive from the Guernsey company are VAT-inclusive (insofar as the services are not eligible for zero rating under the VAT (International Services) Orders, up to SI1979/244 of March 5).

From what you say, we cannot see that the Guernsey company itself has any obligations to either the VAT section of HM Customs and Excise or the Inland Revenue.

New business

I am assisting a local baker to start in business. I believe I have heard that there are certain tax-concessions, etc, given to businesses over the *first two years of their life.* Could you supply the details, please?

As a first step, we suggest you ask your local tax inspector for a copy of the free Inland Revenue booklet called "Starting in business" (IR28). The new-business rules of case I of schedule D are sketched in in appendix A to the booklet.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

SHEERNESS STEEL

THE management of Sheerness Steel has asked us to state that Sheerness is not a wholly-owned subsidiary of Co-Steel International, as stated on this page on March 26, but that Co-Steel is the majority shareholder, with a group of British institutions *holding over 25 per cent of the* equity.

LOMBARD

When 'inflation' is good news

BY ANTHONY HARRIS

SOME OF the saddest reading to be found in the City at the moment is the efforts of exchange rate forecasters to explain the rise in sterling. It clearly can't be happening, but there it is. Those who think you can get at "real" values by dividing by the price index, or "real" interest rates by subtracting the rate of inflation, are at a loss; their notions of "real" exchange rates clearly need revising. Yet a price index is just a number; a rise can be neutral, or can even convey good news.

Deregulation

There is a particularly telling example of this at the moment. President Carter has at last decided on the deregulation of U.S. oil prices. This news must be driving some foreign exchange experts to a form of schizophrenia.

One school of experts believes (erroneously) that the lack of an energy policy is responsible for the U.S. trade deficit. They conclude (rightly) that higher oil prices will do wonders for the U.S. balance of payments, and must therefore be bulls of the dollar. However, their inflation-watching colleagues will look at the price numbers which result, and shudder. They are being frightened by a ghost from the past, and mistaking price performance for inflation.

The difference is crucial. The The maintenance of artificially low prices, whether by control, subsidy, or simple Government deficit, inflates demand, and thus threatens both the balance of payments and the future value of money. The adjustment of prices is what stops this inflationary process; it is the end, not the beginning of the story. It is good news for the future value of money, not bad.

We usually read these signs right on the domestic scene. Everyone knows that the huge jump in nationalised industry prices in 1975, though it contributed to the inflation figures, was a necessary step on the road back to financial sanity. When a government raises VAT, we describe its policy as deflationary, not inflationary.

However, we seem to be less discriminating about inflation figures from other countries. We know the numbers but not the causes, and conclude that domestic price performance is the clue to future external values. It is perfectly obvious that this isn't true in the short run—otherwise the fact that the Japanese yen has depreciated by nearly 20 per cent against sterling in less than 12 months would represent collective insanity. It is also untrue even in the long run.

There are two reasons for this, and both spring from the fact that economies are not monolithic—Great Britain Ltd. versus Nippon Industries—but varied. The Japanese experience shows how inflation can reflect efficiency; the British experience shows how the exchange rate can reflect a change in the structure of output rather than in the price level.

Japan is the classic example of what is known as "leading sector inflation." Export industries were growing in output and productivity by some 15 per cent annually. Wages in other, less efficient industries and services had to rise in step. The result was a domestic inflation rate of between five and seven per cent; but export prices were stable; and competitiveness was improving.

Even in Britain we have more and less efficient industries; and alhough this does not make our inflation performance anything other than deplorable, it does explain how the exchange rate can rise in spite of it. Some industries can compete abroad better than others. North Sea oil has reduced our need to export; hence the current account can remain near balance, and the exchange rate remain stable, at a rate at which only a smaller fraction of British industry can compete.

Secondary

Indeed, one can go further, and point out that unless fiscal policy and exchange controls are altered to accommodate a large current account surplus, it is not enough to say that we cannot avoid it. Wage inflation is one way of losing competiveness; what the exchange rate is can afford to lose competitiveness. On existing policies we telling us is that when inflation is accelerating all over the world, our home grown cost inflation is not severe enough to do the job.

Once price figures are seen in context, then, they can tell a very different story from the obvious one.

Old favourite in new dress

GARDENS TODAY

BY ROBIN LANE FOX

AS THE Easter weekend looms, I would like to commend to you an old favourite in new dress. Mid-April is the moment when most of us become conscious of the garden again. The grass already looks as if it will need *mowing*. Belatedly, we all start thinking how best to fill the gaps. Those who want to improve their gardens, but never get round to it until spring reminds them of the fact, head off to the nearest garden centre and buy on sight. If it was all better planned, the results might be better.

I have been enjoying a list of the plants which tradesmen recommend for "impulse" buying. Camellias, azaleas and well-grown conifers: they make few concessions to varied soils. But impulse is clearly a big part of the trade. How best, then, to guide it and inform it if you do not share some people's faith in the beauty of natural instincts?

My impulses, once, were brought to grips with reality by a classic book for small gardens. *The Small Garden*, as it then was, was written by C. E. Lucas Phillips and contained basic facts about almost everything of interest. It has just reappeared as the *New Small Garden* (Collins; £6.50) and is now brought up to date with colour plates, many of which reveal the author's own various gardens and make them look very pleasant, too. I think it is a good Easter buy, still the best basic book for a garden-owner who wants to become a gardener but has no clear idea how to prune, sow seeds, lay a path, choose a fertilizer or stock a tool-shed.

There is a mass of information, some of whose gems have been left as they first stood. On manure, for instance: Brigadier Lucas Phillips rates the manure of cake-fed cows above pasture-fed cows, the dung of the brewer's dray-horse above that of the tradesman's nag. Trusting him to the letter, I remember searching for a cow-house rather than a grass field when told that gentians would thrive on the best cow-dung, well rotted and well mixed into their soil.

"Goodness knows," writes Field Marshal Lord Carver, "how I should ever have made a start without *The Small Garden*." Many thousands have agreed, though books on every sort of thing which the Brigadier handled in five pages are now spun out to full-length and little more purpose by dozens of authors every year. He has a practical briskness to his advice, and appropriate chapters on the gardener's armoury and other plans of attack. His taste is not always mine, but the photographs impress with his trick of deepening the perspective of a truly small garden and contriving to make a rose-pergola look handsome even when set at an angle.

What are his special tips for the practical man? I note several, some unknown to me. Among fertilisers, he is particularly keen on the dried sort of seaweed manure. I would endorse this, using limited doses of this expensive stuff as a base for the compost of alpine plans which I grow on a slope. Almost every alpine is twice as good if you feed it, the exceptions being only the very common ones (Aubretia and Alyssum) and thistly plants from spartan rock-faces. I have proved to my satisfaction that the dried seaweed is better than other more obvious organic manures for the sorts of alpine I like to grow. It is not easily found, however, but if you contact Maxicrop Retail, Great Shelford, Cambridge, they will put you on to the nearest supplier. This is quite a different tip from plain liquid Maxicrop which you all know already. Keep the dried brand as a dressing for your best things. It packs more punch than good old bone meal.

On black spot, the Brigadier springs a surprise. I have come to think that a spraying of the most vulnerable rose bushes and especially the surrounding soil with a solution of Jeyes fluid is at least no less effective than other more costly cures. Jeyes can issue a leaflet to gardeners who wish to take further the uses of their excellent fluid in the garden. This is not an old wives' trick, but it works out cheaper than most other chemicals. But the *New Small Garden* opts for Maneb 80 as "one of the best protections so far." Supplies can be traced through Bugge's Insecticides, London Road, Sittingbourne, Kent. *It is also* his tip among fungicides. He adds the related point, a valuable one, that gardeners who like bees should be wary of spraying open flowers with insecticides as they take the bees along with the rest.

I had spirited correspondence with a reader two years ago who complained that her small sunny garden was half-full of drowsy bees and wanted to know if she could complain against a neighbour who grew lime trees beside it. The flowers of lime drug a bee into delirium. It will often lie beneath the lime tree, buzzing aimlessly and kicking its legs with pleasure into the air. On questioning, it turned out that she sprayed her tea roses with insecticide against the new breed of aphis. The poison, not the lime, was putting paid to the bee. If you have as much greenfly as I do, stick to a brand like ICI's Rapid Greenfly killer which often kills aphis but never kills bees.

On groundelder and the dreaded mares' tail, the Brigadier tips Amcide if you can get it, which as yet I cannot. He agrees with the majority that Benlate is to date the most useful systemic poison against grey mould on all fruits and leaves, fungus diseases in lawns (a use I had not considered) and Clematis wilt (a case which he omits). I would rate this high among useful Easter weapons. Fentro from Murphy is lethal against those wretched raspberry-maggots which spoil half my crop. Spray it on when the fruits are just showing the first flush of pink, according to the Brigadier. You need not fear poisoning yourself if you do this soon enough before the fruit goes squashy. More generally, he returns often to the value of Bromorphos against all flies and pests in the vegetable garden's soil. It is easiest, here, to settle on one good thing, stick to it and use it regularly.

That, in fact, is the shining merit of this long-famed book. It is clear, brief and unwavering in its recommendations. There *is much of amusement on* the way through, not least an insistence that garden pest number one is the jobbing gardener. Why, alone of the workforce, do these worthies never know when to stop? Give them a weapon from the Brigadier's armoury and they are through the ranks of the border before you can stop them. Perhaps they too were brought up to firm military training.

Vaigly Great has class to win

RACING

BY DOMINIC WIGAN

VAIGLY GREAT, Amaranda, Manor Farm Boy and Double Form are among the top runners lining up in today's Field Marshall Stakes at Haydock.

The season's first major sprint this five-furlong event is very hard going and takes a lot of effort to win.

Manor Farm Boy, last year's Field Marshall Stakes winner, when he accounted for two opponents at 6—4 on with Lester Piggott, will be a popular choice with 6 lb less in the saddle.

He may run prominently, but the competition is far stiffer than last year and I shall be surprised if he proves good enough to repeat the success.

Vaigly Great, just 3 lb above Manor Farm Boy, is a totally different proposition. A colt who proved himself a high-class handicapper on good and fast ground last season, he is likely to perform well in the testing conditions at Haydock.

Last year in Newcastle's Northumberland Sprint Trophy Vaigly Great forged clear approaching the final furlong marker to put an effortless five *lengths between himself and* some smart opponents in the space of 200 yds.

Almost always one of the toughest sprints of the season to win, Vaigly Great made the Burmah-Castrol Ayr Gold Cup last year look easy by turning Scotland's premier sprint into a procession in spite of the formidable steadier of 9 st 6 lb for a three-year-old.

Running smoothly and well within himself throughout, the Beechurst chestnut needed only to be nudged clear in the closing stages to forge 2½ lengths ahead of Lord Rochfort.

Although he may be some way short of his best, Vaigly Great should prove too good for his rivals.

Chrisanthy did well to run the more forward Via Delta to three lengths on her debut at Nottingham eight days ago and I shall be disappointed if she cannot make her experience tell in the opener, the Mornington Cannon Maiden Stakes. Pampered Girl, another to have made second place on her initial run, looks an obvious choice.

HAYDOCK

2.00—Chrisanthy**
2.30—Streets Ahead
3.00—Jenny's Rocket*
3.30—Vaigly Great***
4.00—Rig Force
4.30—Pittencrieff

NCB operations manager

THE NEW marketing operations manager for the National Coal Board's 22 western area pits, *based at Stoke-on-Trent*, was named yesterday as Mr. Philip Daintith, aged 46.

He will be responsible for the planning, movement and supply of coal throughout Staffordshire, Lancashire, North Wales, Salop and Cumbria.

TV/Radio

BBC 1

† Indicates programme in black and white

7.05-7.55 am Open University (Ultra high frequency only). 9.55 The Wombles. 10.00 Jackanory. 10.15 Laff-a-Lympics. 10.35 The Winged Colt. 12.40 pm News. 1.00 Pebble Mill. 1.45 "Bod and the Dog." 3.53 Regional News for England (except London). 3.55 Play School. 4.20 *Help! It's the Hair Bear Bunch.* 4.40 Think of a Number. 5.05 John Craven's Newsround. 5.10 Out of Bounds. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 The British Rock and Pop Awards 1978 (simultaneous with Radio 1).
7.40 Happy Ever After.
8.10 Accident.
9.00 News.
9.30 Sportsnight.
10.20 Arrangements for Easter.
11.05 Tonight and Campaign '79.
11.40 Weather/Regional News.

All Regions as BBC-1 except *at the following times:—*

Scotland—5.55-6.20 pm Reporting Scotland. 11.40 News and Weather for Scotland.

Wales—5.10-5.35 pm Billidowcar. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.10 Florida. 7.40-8.10 Stewart Tudor and Cousins. 11.45 Pop and Rock Awards.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
10.45 Parosi.
11.00 Play School (As BBC-1 3.55 pm).
2.30 pm Racing from Ascot.
4.50 Open University.
6.55 *A Death Reported.*
7.10 Family History.
7.35 Mid-evening News.
7.40 The Long Search.
8.30 The Money Programme.
9.00 Spike Milligan in Q8.
9.30 Play of the Week.
10.15 Robin Ray's Picture Gallery.
11.25 Late News.
11.30 Closedown, Reading.

LONDON

9.30 am Noddy. 9.40 The Undersea Adventure of Captain Nemo. 9.50 A Big Country. 10.20 Westside Medical. 11.10 Untamed Frontier. 11.35 England Their England. 12.00 The Adventures of Rupert Bear. *12.10 pm Pipkins.* 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.20 Treasures In Store. 3.50 Andy's Party. 4.20 Under the Same Sun. 4.45 Extraordinary. 5.15 Gambit.

5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 The Streets of San Francisco.
9.00 Everest Unmasked.
10.00 News.
11.00 Midweek Sports Special.
12.00 What The Papers Say.
12.15 am Crises, introduced by Anna Ford.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am The Bubblies. 9.40 Snooker. 10.20 Welcome to the Ceilidh. 10.45 A World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.25 pm Anglia News. 2.00 Houseparty. 2.25 The Love Boat. 5.15 Winner Takes All. *8.00 About Anglia.* 12.00 The Entertainers (Patti Boulaye). 12.30 am The Big Question.

ATV

9.20 am Butlin's Grand Masters Darts Championships. 9.50 Table Tennis. 10.05 Tiswas. 1.20 pm ATV Newsdesk. 4.45 Extraordinary. 5.15 The Rolf Harris Show. 6.00 ATV Today. 12.00 Twist in the Tale.

BORDER

9.30 am Technoflash. 9.50 Young Ramsay. 10.45 A World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 pm Border News. 2.00 Houseparty. 2.25 Family. 6.00 Lookaround Wednesday. 8.00 Fantasy Island. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Clue Club. 10.28 Channel Late News. 12.00 News and Weather in French followed by Epilogue.

GRAMPIAN

9.25 am First Thing. 9.30 Tanderra. 10.20 The Lost Islands. 10.45 A World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

9.30 am Sesame Street. 10.25 The Outsiders. 11.15 Flashback. 11.35 Clapperboard. 1.20 pm Dodo. 2.00 Live From 2. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Give Us A Clue. 8.00 Fantasy Island. 12.00 What the Papers Say.

HTV

9.30 am Animated Classics. 10.15 Welcome to the Ceilidh. 10.40 World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 8.00 Barnaby Jones. 12.00 George Hamilton.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Nowyddion Y Dydd. 4.20-4.45 'Rydw I Am Fod. . . . 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.30 am Arabian Contrast. 9.50 Plan for Living. 10.20 Welcome to the Ceilidh. 10.45 World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.25 pm News and Road and Weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Sounds of Britain. 8.00 How's Your Father. 8.30 Robin's Nest. 10.30 Scotsport Special. 12.00 Late Call.

SOUTHERN

9.30 am Solo One. 9.55 "The Drum," starring Raymond Massey. 11.35 Stars On Ice. 1.20 pm Southern News. 2.00 Houseparty. 2.25 The Love Boat. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South East Area Only). 12.00 Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 9.30 The Lost Island. 9.55 Stars On Ice. 10.20 Welcome to the Ceilidh. 10.45 A World Worth Keeping. 11.10 Ghost Busters. 11.35 Wyatt's Place. 1.20 pm North East News and Where the Jobs Are. 6.00 Northern Life. 11.40 Maude. 12.10 am Epilogue.

ULSTER

10.20 am Welcome to the Ceilidh. 10.45 A World Worth Keeping. 11.10 Alright Now. 11.35 Wyatt's Place. 1.20 pm Lunchtime. 2.25 Dave's Singalong. 2.55 Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening, Ulster. 12.00 Holy Week. 12.05 am Bedtime.

WESTWARD

9.30 am Faith For Life. 9.35 Friends of Man. 10.00 The Beatles. 10.15 Welcome to the Ceilidh. 10.40 A *World Worth Keeping.* 11.10 Alright Now. 11.35 Wyatt's Place. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Westward Diary. 8.00 Hawaii Five-O. 10.28 Westward Late News. 12.00 Faith for Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am "It's All Happening," starring Tommy Steele. 11.10 Clue Club. 11.35 Showjumping with Harvey Smith. 1.20 pm Calendar News. 6.00 Calendar. (Emley Moor and Belmont editions).

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast ‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.55 British Rock and Pop Awards 1978 live from the Café Royal, London (simultaneous with BBC-1 Television). 7.40 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.00 pm Listen to the Band (S) (continued from Radio 2 7.30 pm). 8.15 The Magic of the Musicals (S). 9.02 The Impressarios. 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. *4.47 John Dunn (S). 6.45 Sports* Desk. 7.02 Robin Richmond (S). 7.30 Listen to the Band (S). 8.00 European Soccer Special. 9.30 The Impresarios (join vhf). 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music, with Richard Clegg (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 Early English Organ Music (S). 10.30 Violin and Piano recital (S). 11.05 Janacek and Schoenberg concert (S). 11.40 BBC Scottish SO (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Historic Dvorak: "Stabat Mater." 3.30 Schubert and Mozart piano recital (S). 4.10 The Shostakovich Quartet (S). 5.10 Young Music-Makers (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 *Homeward Bound.* ‡6.15 At Home: From England and Spain: harp recital. 7.10 BBC Symphony Orchestra (S). 8.00 Letter From Madrid (talk by Pedro Schwartz). 8.20 Granados (S). 8.30 "The Third Adam" by James Roose-Evans (S). 9.35 A Time and a Place. 10.45 The Arts Worldwide. 11.05 Music In Our Time (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 Serial. Reading. 9.00 News. 9.05 Election Call: Conservatives. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 The Cross and This World. 11.00 Listen In. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Burkiss Way (S). 12.55 Weather: programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre. 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Bangor in the Blitz: War-time radio from North Wales. 8.45 Warning—Flight Delays: London's third airport. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. *10.40 The Movie Moguls.* 11.05 A Book At Bedtime. 11.20 The Financial World Tonight. 11.35 Election Platform. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Join Radio 2.

London Broadcasting

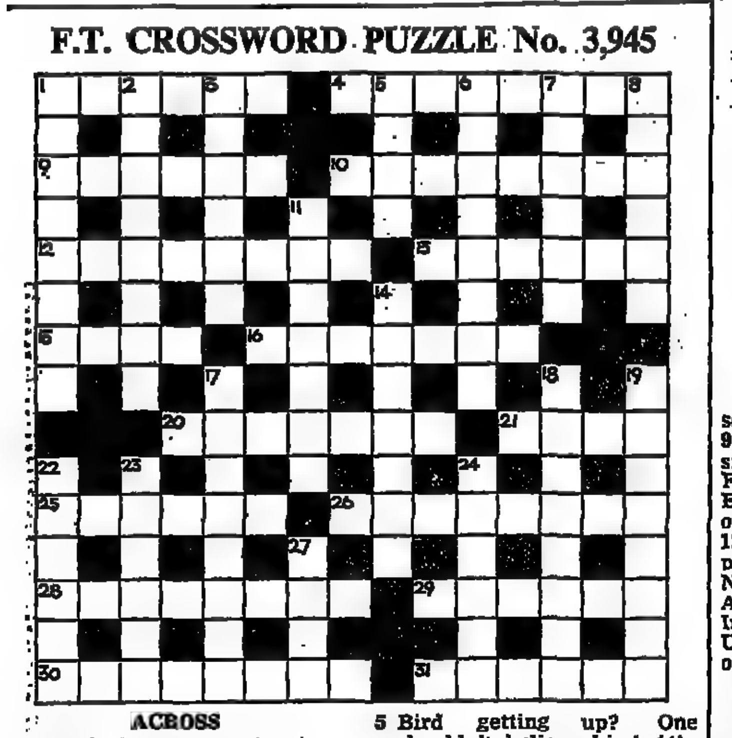
Weekdays only (Mon.-Fri.)

5.00 am Morning Music. 6.00 The A.M. Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00 pm. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,945



ACROSS

1 Brief instruction to turn over in car for one who takes a prize (6)
4 Meat in cake? It's an American dish! (8)
9 In favour of getting in good condition for monetary gain (6)
10 Overlook a feast (8)
12 Shot made from approach to house (3-5)
13 Egg produced by more change (6)
15 Call for clothing round pole (4)
16 Ship with sails and tackle in ill-fortune (7)
20 Soldiers' home could frustrate yeoman initially (7)
21 Listless person making me work inside (4)
25 Beginner with no sin (6)
26 Take a position in front of a thoroughfare and flag (8)
28 Animal transporter making Arab fight (5-3)
29 Name to touch upon (6)
30 I dry real mixture dismally (8)
31 Measures to accept vicar and animal (6)

DOWN

1 Vessel directors have a kind of material love (8)
2 Making water-repellent soft thatching (8)
3 Topless stockings used in basket-work (6)
5 Bird getting up? One shouldn't believe him! (4)
6 Dining companion putting me on ship with one of its officers (8)
7 Refer to short notice (6)
8 Implant or note differently (6)
11 Mean to state how old one is (7)
14 Put it in a crowd to keep moving (7)
17 Everything explained but it follows a warning (3-5)
18 Article in colder strainer (8)
19 Exhausted a down-and-out (4-4)
22 Short diminutive editor moved slowly (6)
23 Reluctant to compose a bit of poetry (6)
24 Lest it could mean pack up (2-4)
27 Aim to proceed on a 25 (4)

Solution to Puzzle No. 3,944

MANAGE FLESHPOT
E O I B I P R U
ASSISTING ONION
N T T L H I V D
TEAR PLATELAYER
I L R E E S A
MIGRANT REPOSE
E I M O W S
CATSUP TORMENT
S H A A T E I
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[illegible]

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[illegible]

هكذا من الأصل

Television

Time has come for Popular Art

by CHRIS DUNKLEY

The trouble with you critics (the programme makers say) is that it's all moan, moan, moan. You are forever telling us what's wrong with television, and sniggering at our mistakes. But for all your niggling, know-all ways, you don't seem much good at suggesting alternatives. You are very clever at being destructive with other people's work and ideas, but you come up with precious few constructive ideas yourselves.

The proper answer to that is Dr. Johnson's: "You may scold a carpenter who has made you a bad table, though you cannot make a table. It is not your trade to make tables."

It is not the critic's trade to make programmes, but it is most unsportsmanlike never to rise to the bait, so this week's column will offer a few "constructive" suggestions of ways in which television might cater rather better for the bulk of its audience in that area of programmes known broadly as "the arts."

Now I take it as axiomatic that you and I and Humphrey Burton spend all our spare moments thinking deeply about grand opera, western classical ballet, and American Creative Writing 1929-79 (in that order) and it is no coincidence that our tastes are awfully well catered for by television.

Meanwhile, however, all of us spend our lives undergoing—perhaps enjoying, perhaps merely enduring — frequent aesthetic experiences arising from artefacts, decorations and designs surrounding us which are rarely if ever reflected by television, let alone analysed or discussed in the way that van Gogh and Mozart are.

This has always seemed odd because most broadcasters are convinced that television is "a visual medium" and although they are wrong (it is primarily an aural medium as can be quickly shown by trying sound without pictures, which is usually quite comprehensible, then pictures without sound which is usually incomprehensible) they also believe that it is a mass medium and in this they are clearly right.

You might, then, expect a lot of programmes about those visual experiences with which the mass of the audience is familiar. Instead you get series after series about fine art—the Prado, Turner, Constable, The Tate, Stubbs, the Impressionists and so on—which is lovely for the minority of us who happen to like such work. But about the sort of pictures which are actually sold to viewers in their tens of thousands—the prints of big-eyed children, elephants in a dust-bath, and the greenish tinged Asian lady—there has been just one programme in the last 10 years: memorable precisely because it was so rare.

The face seen on television — Victorian innocence captured by Millais; the face seen on the streets—promoting hamburgers.

About those particular prints one programme may well be enough, but what about the revolution in domestic wall decorations which has occurred in the last few years: mass produced posters? No matter how many studies of Rembrandt are screened on television most teenagers won't much want to go to the National Gallery. But their bedrooms and bedsits are already plastered with brilliantly coloured posters of Farah Fawcett Majors, Leeds United, Spanish bullfights, and fantasy landscapes. Is such material simply below the notice of broadcasters?

Alban Berg's music and Gustav Klimt's paintings—both featured in major programmes this season—actually impinge upon the average viewer very little if at all throughout the entire courts of his life. All the more reason, you may say, for making their work available via television and no doubt that is right.

But *what about the aesthetic* experiences which *do* impinge upon people every day: what about the streets in which we have to walk, with their concrete lamp standards, and their advertising hoardings? Somebody put a lot of design effort into all that street furniture, and millions of pounds into those advertising pictures. Is their repeated impact upon the sensibilities of the millions who live with them really so totally insignificant compared to the impact of El Greco?

The art nouveau entrances to the Paris Metro, featured yet again in a recent BBC programme by Edwin Mullins, gorgeous though they are, affect the sight and the lives of British viewers much less than do the entrances to Ongar tube station and the Bristol bus depot. The comparison may raise a giggle, yet the quality of British viewers' lives is clearly affected by the latter and not the former.

Television dwells lovingly and endlessly on the municipal buildings of ancient Greece and the Roman empire, and studies the designs of their public baths and even their lavatories yet studiously ignores the designs of the municipal buildings and facilities used by viewers today.

Why has no one ever done a programme about what I *believe caterers call "fast food outlets,"* not from the culinary but from the visual point of view? If it is permissible to pan affectionately across Twenties decor and Thirties interiors why is it not possible to have a look at the 20-foot expanded polystyrene "sculptures" with orange and green glass inlets washed in violet light which tower over the Formica tables where you are required to down your sausage and beans in Golden *Egg* "outlets?" How about those bizarre nigger minstrel figures in Kentucky Pancake Houses?

And to make up a pair of programmes, why not a look at the way that the individual and often attractively eccentric decoration and design of the British pub inside and out is being wiped out by the imposition of standardised house styles and logos by the big brewers? The picture signs which used to hang outside every pub may not have benefited from Michelangelo's sense of form or Titian's colouring but they did provide form and colour right there in the high street where people saw them regularly. Many have disappeared from our towns, but there are plenty left in the country. Since they have undoubtedly done more to fix ideas of royal portraiture in the public mind than all the paintings in the National Portrait Gallery put together, they are surely worth a glance from television.

Then there are those areas of life in which millions of viewers regularly make their own aesthetic decisions: not whether Mahler's tonalities are more subtle than Bruckner's but whether to buy stripey or flowery curtains, or whether to get the old man the new straight-legged trousers from Marks and Sparks now that he's finally got used to flares. It is not so much regular programmes on interior decoration *by David Hicks or a series on* haute couture which is needed, but something to consider the sudden revival of Fifties-style imitation brick wallpaper, or the slow move away from the denim uniform whose voluntary adoption altered the appearance of much of the population a couple of years ago without television even noticing. Too busy studying the hanging of the clothing on Velasquez's court figures no doubt.

It should be said that in some respects matters have been slowly improving: there was the recent week of programmes called *Where We Live Now*, and there are small signs of a change in the traditionally paradoxical dearth of material about photography on television.

Yet it remains generally true that there seems to be far more enthusiasm among broadcasters for programmes about the rarified art and design of individuals and civilisations which are dead and gone or remote from the British audience than for programmes about those phenomena to which an artistic or aesthetic quality of some sort is attached today: phenomena which in contrast to the music of Panufnik or the pictures on Greek vases are actually familiar to British viewers and affect their daily lives and feelings.

It will probably be argued that what I am talking about is not "art" and certainly not "Art." But that is really only a question of time and prejudice: what may seem purely utilitarian and commercial today will be sold in Portobello Road tomorrow, auctioned at Christie's next week, and displayed in a museum next year. Look at tinplate toys, enamel advertisement hoardings, Victorian school books, old theatre handbills, china potlids.

No doubt sculptured foam armchairs, black leatherette sofas, paperback and LP cover illustrations, and motor cars with spoilers and metallic paint will all be the subject of enthusiastic arts programmes in 2009 AD but for many of today's viewers that will be a little late. Why not now?

New York Ballet

Nureyev/Babilée

by DAVID VAUGHAN

The 50th anniversary of the death of Diaghilev—and the 70th of the debut of his Ballets Russes in Paris—is being celebrated in New York by the Joffrey Ballet with a special season in which the same programme is repeated at every performance: *Petrushka, Le Spectre de la rose, L'Après-midi d'un faune*, and *Parade*. This event was prompted in part by economic need: the Joffrey Ballet, like all ballet companies chronically in the red, was threatened with extinction unless a money-making gimmick could be devised. Rendering "Homage to Diaghilev"—the rubric under which the season is presented—may not be such a gimmick, but having Rudolf Nureyev as a guest-star obviously is, and he has been appearing at every performance in the roles created by Nijinsky—in all the ballets, that is to say, except *Parade*. Indeed, when he suffered a slight injury three weekend performances had to be cancelled rather than be put on with an understudy.

Petrushka and *Parade*, both fine productions, were already in the Joffrey repertory; *Spectre* was borrowed for the occasion from London Festival Ballet, while *Faune* was freshly staged by Elisabeth Schooling and William Chappell, who learned from Woizikowski in the early days of Ballet Rambert. Bakst's scenery and costumes were reproduced under the supervision of Rouben Ter-Arutunian. Everything, in fact, has been done with Robert Joffrey's customary attention to detail and care for authenticity, even though the Festival's set for *Spectre* is without the famous birdcage and the colours in the *Faune* backcloth lack Bakst's luminous richness and depth.

Nureyev has often been compared with Nijinsky for his technical prowess, his animal magnetism, his charismatic personality. Of the three ballets, only *Spectre* makes rigorous technical demands, and it must be said that Nureyev can no longer meet them. There is little resilience left in his body, and consequently no *ballon*, that quality of softly springing ascent and descent in leaps essential to this role. Nijinsky was a great actor—instinctively so, no doubt. Nureyev is perhaps too conscious an artist to be able to achieve the intense identification with a creature only half-human that all these roles demand. His Petrushka is a scolded schoolboy; his Spectre never seems to be an emanation of the young girl's dreams and desires—in fact, it has only the most perfunctory relation to her; his Faune lacks the quality of animal innocence that E. M. Forster found "humorous and alarming" in Nijinsky.

Photo: Herbert Migdoll

Nureyev and Charlene Gehm in 'L'Apres midi d'un faune'

So we are left with a lesson in dance history, and an absorbing one, for the evening shows the development of modern ballet from the reform ballets of Fokine, through Nijinsky's rejection of traditional ways of using space, music, and dance technique (the true birth of modernism), to Massine's attempts to bring ballet into *line with the avant-garde in the* other arts. If for no other reason, we must be grateful that this season has brought a masterpiece back into the repertory, in *L'Après midi d'un faune*, and it is to be hoped that the Joffrey Ballet will continue to perform it.

Concurrently, the Ballet of the XXth Century has been presenting Maurice Béjart's versions of *Petrushka* and *Le Spectre de la rose*, to say nothing of his *Gaîté parisienne*, of which the less said the better. *Petrushka* is in the style he has invented that might be called radical camp, the second gives us Judith Jamison, Alvin Ailey's principal dancer, returning tipsy from a cocktail party and stripping down to a body-stocking to outdance a very feeble, spectral rose. All this is unspeakable, but Béjart for once deserves our gratitude because he has brought back Jean Babilée to New York as a guest artist, to perform a pas de deux entitled *Life*, with the gravely beautiful Catherine Dethy. The piece is a typically Béjartian rip-off, involving a square structure of aluminium tubing which is used as a trapeze, a tightrope, a ballet *barre*, a boxing-ring—all of them intended, presumably, to serve as metaphors for life, or Life.

Babilée, as so often before personifies the existentialist hero, with his intense, ravaged features and chunky body, which is astonishing, still as taut and elastic as a steel spring. In the midst of the glitzy, epicene decadence of the other ballets the piece was moving because of Babilée's absorption in the activity of it, his quality of being simply *there*. Thirty years ago, he gave an unforgettable performance in the Rambert production of *L'Après-midi d'un faune* — specifically, I shall never forget the way he turned his head to look at the nymphs. I wished that he could be dancing it again with the Joffrey.

Whitbread Literary Awards 1979

The judges for the 1979 Whitbread Literary Awards will be Jacky Gillott, Michael Holroyd and John Whitley.

Palace, Watford

The Autumn Garden

by B. A. YOUNG

There are the makings of a fine play at the core of Lilian Hellman's *The Autumn Garden*, but they are obscured by her failure to pick out what is important in the story and what is ornamental. There is a "well-made" tale about young Frederick, who is engaged to Sophie but is seeing too much, offstage, of young Payson, whose moral defects might only be hinted at in 1949, the date of the action. A scandal in the wealthy Ellis family may be dismissed by the operation of the class weapon, or the money weapon, which is the equivalent among the American rich on the Gulf of Mexico. But a scandal involving Frederick's fiancée, poor and plain, is another matter; and when Sophie fails to eject the drunken Nick Denery from her room but simply lets him sleep on the bed while she moves to a chair, her character is in mortal danger.

Miss Hellman keeps this story in the background, while peripheral conflicts smoulder everywhere. Rose Griggs, whose basic function is to be a dangerous gossip, but who in Sheila Reid's expressive hands at Watford is the most captivating person in the play, storms out to arrange a divorce from her husband, the taciturn general, but returns with a convenient heart ailment. Nina, wife of the intolerable Nick, a flamboyantly romantic phoney (played by Frederic March is the premiere, by Bernard Lloyd here), resolves for the umpteenth time to leave him, but forgives all after the scandal with Sophie. Ned is promoted by the imaginative Nick as the lifelong lover of Connie Tuckerman, in whose Southern boarding-house for the rich all these things happen.

But of Frederick we see little, and what we see is not interesting. Sophie, Connie's au pair as well as her niece, is kept deliberately low-key in a skilful performance by Irene Richmond, even in the scene with the drunken Nick. Her sudden reversal of character at the end, a really worthwhile *coup de theatre*, is unexpected, and yet you can see on reflection that the possibility was always there.

This lack of focus is further weakened by Miss Hellman's insistence on giving everyone something to say about everything. (The play, though played reasonably briskly in Stephen Hollis's production, lasts over three hours.) In Watteau's paintings, you can see in a fold of fabric that appears to be of one colour an infinity of tiny brush-strokes in other colours that create the characteristic lustre of the surface. Miss Hellman's writing is in its way employing the same principle; much of what she has to say is wise, some of it is amusing, all of it is sophisticated; but the product is only a plain monotone surface, without the Watteauesque lustre.

Leonard Burt

Mary Peach and Sheila Reid

This does not mean that the playing is dull. There is, of course, the inevitable gulf between British speech and American, but it is satisfactorily bridged. Colette O'Neil and Mary Peach give us two differently unhappy women, the brave Connie, the bewitched Nina; Betty Hardy radiates the dollar-fuelled power of old Mrs. Ellis, Frederick's grandmother. Bob Ringwood's design for the sitting-room, Southern elegance running into decay, is atmospheric.

The Boult concerts

by RONALD CRICHTON

Sir Adrian Boult was 90 on Sunday. In London two big concerts on successive evenings marked the birthday in ways likely to please him except that sadly he was unable to participate or to be physically present—that the mind is alert as ever was proved by the relay in the Albert Hall of a taped message spoken with the crisp tones of a man of forty.

The Albert Hall concert was a Prom in aid of the Musicians' Benevolent Fund, given in the presence of the Duke of Kent by the BBC Symphony Orchestra over whose foundation Boult presided in 1930 and of which he swiftly became chief conductor. The BBC Choruses were there as well, with the Chorus from the CBSO—Boult was conducting the Birmingham orchestra before most of Sunday's audience was born.

Three conductors — James Loughran (the Fourth Symphony of Brahms), Vernon Handley (the Tallis Fantasia of Vaughan Williams) and Norman Del Mar (Elgar's *The Music Makers*). The Brahms was a link with conductors like Steinbach whom the young Boult heard and revered and who were themselves direct links with the composer. The presence of Elgar and Vaughan Williams needs no explanation. The Brahms, except for an unusually clearly outlined scherzo was decent but restrained for this hall, the Tallis Fantasia, the kind of work that goes well here, sounded beautiful. The surprise of the evening was *The Music Makers*.

This choral Ode has particular appeal for those who love Elgar, but it must, one imagines, be a despair and a puzzle to those who don't. So much of his unhappiness is laid painfully bare; English reserve is turned inside-out in a way common enough now but not before the Great War, when Elgar wrote it; the self-quotations, until one forgets about them because they are slipped in and mulled over so naturally, make the same initially jarring impression as those in *Ein Heldenleben*. But disappointment and transience are communicated with a flow of lyrical invention which takes occasional dips into Elgar's lighter idiom in its stride—and incidentally gives in many a phrase and figure unexpected confirmation of his sadly underused talent for dramatic music. A "disturbing work" Michael Kennedy calls *The Music Makers*, and so it was in this most eloquent performance, with the combined choirs producing a useful reminder of how splendid big choral forces can still sound when they are good and well managed, with Sarah Walker, though she is not a deep contralto and had difficulty making some phrases tell (Elgar must have had in mind a voice with the power of a Clara Butt), was a most sensitive soloist. This was one of the rare occasions when a London audience was tightly enough held to forget the usual instant, facile applause.

On Monday in the Festival Hall the London Philharmonic, the orchestra most associated with Boult in the second part of his career, was conducted by John Pritchard in lieu of the indisposed Haitink. The big work was Beethoven's Ninth, and very well it went. Pritchard played down the turbulences of the first movement (but not the main climaxes) but gave his and his players' all to the rest—sometimes nowadays the slow movement seems to have lost the old spell, but not in this reading. The LP Choir was keen and vigorous; Jill Gomez, Alfreda Hodgson, Robert Tear and Stafford Dean were the soloists. Vaughan Williams had the first half (did someone forget Holst?) with an affectionate but rather prosaic *Lark ascending* (David Nolan as solo violin) and a rousing *Wasps* overture.

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Wednesday April 11 1979

The Liberals' charms

THE LIBERAL Party Manifesto published yesterday is an attractive document in many ways. It is likely to prove more appealing to liberals with a small "l" than anything offered by the Labour Party. On constitutional questions, on those relating to individual freedom and indeed on the general approach to the economy the need for reform is fully recognised and at times persuasively put.

Taxation

The Liberals' call for constitutional change is not just confined to their traditional demand for proportional representation. The Manifesto proposes that the House of Lords should be replaced by "a new, democratically chosen, second chamber which includes representatives of the Nations and Regions of the UK, and UK members of the European Parliament." That is a considerable improvement on Labour's promise to remove the Lords' delaying power and legislative veto, which was itself only included in the Labour Party Manifesto in an attempt to buy off the calls for outright abolition.

The commitment to individual freedom is clear enough in the demand for protection by law of "the right to work without having to be a member of a trade union and the right to cross a picket line without intimidation." Even on Northern Ireland the Liberal Party has not fought shy of coming up with proposals. The Manifesto says that direct rule must continue for the time being, and calls for the election of a small Northern Ireland Council to advise the Secretary of State. Once again the Labour Party statement seems timid by comparison.

Tax proposals

At the heart of the Manifesto, however, are the proposals on tax. These are both simple and far-reaching. Over a period the Liberals would like the starting rate of income tax to be brought down to 20 per cent and the top rate to 50 per cent. They would also like a substantial increase in the level at which income tax is first paid. They favour a wealth tax on very large (but unspecified) capital accumulations, but only in place of the investment income surcharge which, they say, should be repealed.

Other proposals are for the introduction of tax credits and for a system of self assessment for tax liability. Not least, there is a call for the abolition of domestic rates and their replacement by a tax on all land values which would be the main source of revenue for local government.

It would be rash for either of the main parties to dismiss any of these ideas as unrealistic. They have clearly been carefully thought out and many of them are the products of what one might call the advanced conventional wisdom on the subject. The Liberals would replace the revenue lost by direct tax cuts by increases in indirect taxation. (Only in their refusal to raise the petrol tax are they suspect—even the Liberals sometimes bow to their own sectional interests.) Unlike the Labour Party, the Liberals have also put up a reasoned defence of the wealth tax. It would be part of the general tax reform—a substitute for existing high rates of tax rather than an addition. There is a great deal to be said in principle in favour of such a proposal, and indeed on all these matters it is the Liberals who are setting the pace.

That is not to say that the Manifesto is beyond reproach. The pledge to retain the British Rail network "and, where necessary, treat it as a social service" looks extreme even by the excessive standards already set by the Labour Party. The opposition to building any more nuclear power stations "at least until the problems of safe and permanent disposal of radioactive waste has been solved" needs somewhat more explanation unless it is to be taken simply as the Liberal bid for the ecology vote.

Decision

There must also be a major question mark over the Liberals' approach to incomes policy: "We would introduce a sustained prices and incomes policy based on wide consultation and enforceable at law." One would have thought that a policy designed to restore incentives by cutting direct taxation and to increase individual liberty by reducing the bureaucracy would have made such machinery unnecessary. Who, after all, are to be the bureaucrats who would know best how to determine prices and incomes?

Yet, in the last resort, the main defect of the Liberal Manifesto is probably that it comes from the Liberal Party. Certainly in some constituencies a Liberal vote would be a wasted vote, and in some circumstances possibly a perverse one. Those who like the Manifesto but who are not Liberals with a large "l" may have to decide which of the main parties is likely to be the more susceptible to Liberal ideas. For that decision we await the Tory Manifesto published today, as well as the statements in the rest of the election campaign.

Trouble on the Isthmus

THE RENEWED fighting between the government forces of General Anastasio Somoza and the Sandinista guerrillas in Nicaragua this month has once again demonstrated that the troubled Central American republic is still a long way from having achieved peace and stability. Despite much prodding from Washington the General has not yet announced his retirement from the political scene that he and his family have dominated for more than four decades. He has left Nicaragua with his family but he insists they are all merely taking a holiday in the U.S. For their part the guerrillas who have been trying to overthrow him seem to have lost none of their resolve despite the fact that they suffered some defeats during the general insurrection against Somoza rule last year.

Healthy majority

Few can doubt that the Sandinistas and their civilian allies, the Group of Twelve business, professional and religious leaders, command a very healthy majority among the Nicaraguan population which has grown tired of and impatient with the long-established family dictatorship. Consequently it is unlikely that there will be peace and prosperity in the country while the Somozas continue to try to cling to power. The achieving of such peace and prosperity is of more than local importance in that the present situation in Nicaragua is helping to poison the political climate in the whole of Central America from Panama to Mexico. The Central American isthmus is of considerable strategic importance to the U.S. and is vital to the world's shipping interests.

The time is ripe for a new effort by the U.S. and its friends in Western Europe to reach a solution in Nicaragua by telling General Somoza bluntly that his time is up and that he can expect no more help from outside.

The alternative to Somoza is not, as the General himself assiduously and erroneously argues, communism. The Group of Twelve is a political force which is moderate and poular and which seeks the establishment of a pluralistic democracy in Nicaragua. At the same time the majority of the Sandinista guerrilla movement, including its principal military leader Eden Pastora, is committed to democratic ideals. It does not seek to swap the Somoza family dynasty for an imposed Marxist-Leninist dictatorship. There are several members of the Group of Twelve who could make suitable presidents of a new and politically stable Nicaragua.

The aspirations of the opposition in Nicaragua are well illustrated by the conversations that the Group of Twelve are having this week in Mexico City with the Socialist International. The Group is seeking support from the world's social democratic parties, from the British Labour Party and the West German SPD.

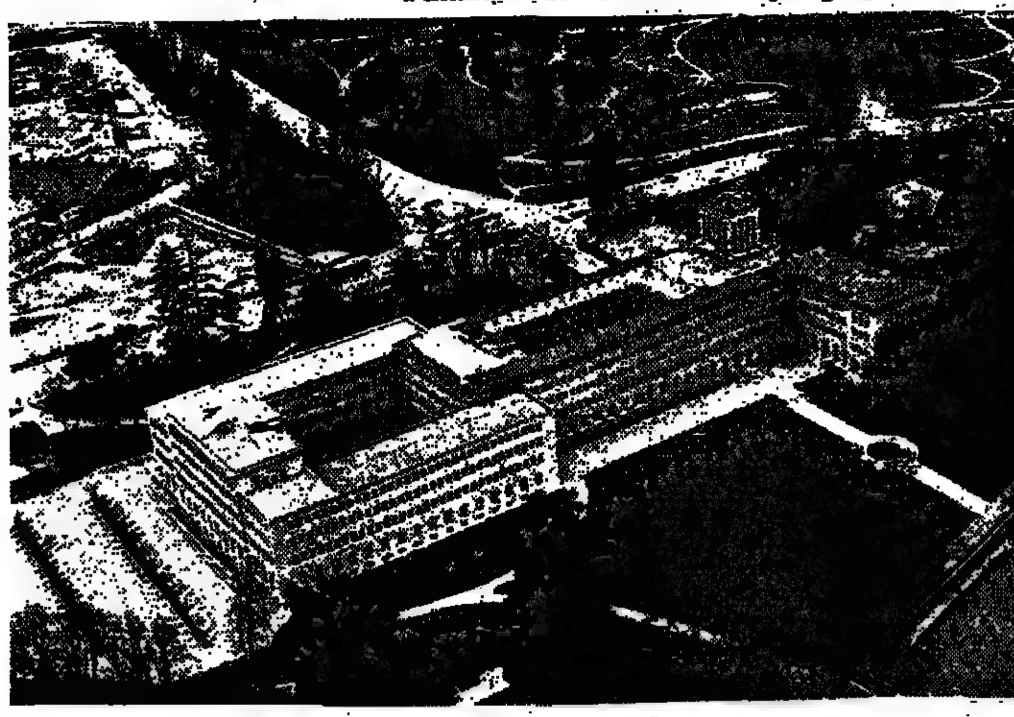
It is reasonable to expect that such support will be forthcoming. The timely intervention by the social democrats could forestall any move by the Soviet Union or its allies to take advantage of the ugly situation in Nicaragua and create more mischief in an already troubled region.

Cut off aid

Washington meanwhile could follow up the moves it took last year to cut off economic and defence aid to General Somoza by continuing its action to block aid from the International Monetary Fund. Such blocking action is well justified by the chaotic financial situation in Nicaragua and the lack of any means of checking that IMF funds would be put to constructive use. Any attempt by the present Nicaraguan ruler to stay in power would make an already bad situation worse.

A world coming to terms with protectionism

BY BRIJ KHINDARIA IN GENEVA



The GATT headquarters in Geneva

INTERNATIONAL indulgence of renewed protectionism is reflected in the rules for world trade receiving the finishing touches at the GATT in Geneva this week. The new rules, prepared in the multilateral trade negotiations (MTN) or Tokyo Round, tacitly accept that protectionism is here to stay, but do attempt to limit it and to put it under close international surveillance.

Third World countries have always been strongly protectionist because of the need to shelter their nascent industries and weak economic structures from the ravages of foreign competition, particularly in home markets.

But since the 1973 oil price increase, the industrialised countries of Europe and North America have also been under pressure from their more vulnerable industries to impose curbs on imports from the lower-cost developing countries of such products as textiles, shoes and certain kinds of steel.

In general, Governments in the richer nations have succeeded in preventing the protectionist lobbies from seriously eroding their long-standing commitment to trade liberalisation. But the framework of international trade appears to have been altered irreversibly. There has been a clear move away from traditional notions of free trade towards a variety of concepts designed to promote "fair" or "organised" trade.

The package of trade measures which has emerged in the Tokyo Round reflects this changed situation.

After the Kennedy Round of tariff cuts in the 1960s, the Tokyo Round was to be a further large step towards trade liberalisation. But it was overtaken by changed economic realities, including exchange rate instability and rising unemployment in industrialised nations.

As a result, the Tokyo Round goes far beyond the Kennedy Round, not so much in trade liberalisation but in the regulation of trade. It main achievement is a clutch of highly technical and legally complex international agreements which, taken together, form the so-called Tokyo Round package.

The package addresses itself first to reducing barriers to trade and regulating those that must continue to exist, and second to putting trade relations among industrialised and developing countries on a more balanced basis.

Developing countries would have liked to see a bigger slant in the package towards their concept of a new international economic order, in which the world as a whole would make more determined efforts to provide them with higher export incomes and offer more market access for their manufactured goods as well as raw materials exports.

What has been achieved is the creation of conditions for prudent and regulated expansion of world trade as a whole in which developing countries will have to take on more responsibilities and share more burdens with richer nations as they grow richer themselves.

The developing countries have been given certain privileges but they are having to swallow the industrialised world's notion of "fairness" which, stated simply, means that something cannot be had for nothing.

None of the industrialised countries has demanded reciprocity in its must brutal form—an equal return for every concession given. These nations have recognised that for their own sales, to develop more lucrative export markets in the poorer countries, it is essential to give more than can be asked for in return.

But the right has been retained to reduce the favours given or to demand concessions in return as and when specific developing countries become better off.

There is also a gradation in the privileges offered, with the most going first to the poorest countries.

The new concepts of reciprocity and gradation are being bitterly opposed by several developing countries, particularly those more industrially advanced. But there is increasing recognition that, like the reality of protectionist import curbs in exceptional circumstances, these elements, too, are here to stay.

As an exercise in tariff-cutting, the Tokyo Round has not offered a great deal. The average across-the-board cut spread over eight years will be about 25 per cent compared with nearly 38 per cent achieved at the end of the Kennedy Round. But the cut should be seen against the background of the generally lower starting point left by the Kennedy Round, with the exception of some sectors that the Kennedy Round did not manage to dent.

These sectors—such as textiles, shoes, leather, food products, steel and paper which are traditionally labour intensive—still remain politically sensitive. They have not been subjected to the full extent of the across-the-board cuts, although the number of individual items exempted has been greatly reduced.

For example, the proportion of Common Market exports facing more than 20 per cent tariffs in the U.S. has been reduced from 4.5 per cent to less than one per cent. Similarly, only about 20 items exported to Japan from the EEC will face tariff levels of more than 20 per cent.

In general, the average EEC tariff for most-favoured-nation dutiable imports will be reduced from 9.8 per cent to 7.5 per cent.

But it is by attempting to remove non-tariff barriers to trade through separate codes of conduct that the Tokyo Round has gone far beyond the Kennedy Round or any other previous world-wide trade negotiations.

The Tokyo Round, as agreed so far, contains a set of international codes designed to regulate the use of export subsidies and punitive, countervailing duties; to remove technical barriers to trade such as divergent norms and standards, to open up government purchasing to foreign suppliers, to simplify import licensing procedures and to harmonise methods of import valuation by customs authorities.

However, a major setback has been the collapse of negotiations over a new new safeguards code designed to protect ailing industries against severe competition in home markets from cheap imported goods.

Ever since the end of the Kennedy Round it has been clear that new safeguards rules were needed to replace Article 19 of GATT, which so far has been used by countries to curb imports in exceptional circumstances of severe injury to home producers.

Article 19 caused problems because, when read together with GATT's Article One—the most-favoured-nation clause—it implied that an import curb applied against one foreign supplier must be enforced equally against all other suppliers.

While Article 19 does not, as such, ban selective application of safeguard import curbs against particular suppliers it has, according to a GATT study, traditionally not been applied in a selective or discriminatory manner.

The negotiations for the new safeguards code broke down because of developing countries' opposition to a demand by the EEC that it should be allowed to use import curbs against particular suppliers without the prior consent of the exporting country or prior approval of a GATT watch-dog committee. Further negotiations are expected in the coming months.

A further setback to the Tokyo Round could come from failure to obtain a universally-accepted code on customs valuation.

Under the code, the invoice value of imported goods would be used for customs valuation. But developing countries have put forward amendments designed to ensure that developed nation multinational companies do not under-price their exports for customs purposes by citing the cost of producing the same goods in a low-wage developing country.

The code on Government procurement is potentially very important because the total international market in Government-bought goods, ranging from farm produce to simple manufactures and high technology equipment, hs been estimated at several hundred billion dollars a year and is continually growing.

The main purpose of this code is to ensure that foreign suppliers may bid on equal terms with domestic suppliers for Government contracts.

But a recent quarrel between the U.S. and Japan has cast a shadow over this code's likely effectiveness: The U.S. has flatly refused to allow Japanese suppliers to bid for its Government-financed purchases because of Japan's reluctance to open up purchases by some semi-Governmental entities to U.S. suppliers.

The code on subsidies and countervailing duties is the result of a tussle between the U.S. and the EEC. Under it, Governments will commit themselves not to subsidise exports of manufactured products and minerals and to limit export subsidies on primary goods such as food, fishery and forestry products.

Separate negotiations on agricultural trade in the Tokyo Round produced meagre results. Negotiations for an international arrangement concerning the main elements in agricultural trade—wheat and other grains—broke down, and a 1971 arrangement covering only wheat has been renewed.

Separate agreements have been concluded concerning trade in beef and dairy products. These set up consultative mechanisms to discuss problems raised by imbalances between demand and supply but contain no binding economic provisions.

Alterations and additions to the framework for conduct of world trade agreed in the Tokyo round package represent some major gains for developing countries. These changes include three agreements and two understandings. The most important of these makes trade history by naming tariff and non-tariff preferential measures in favour of developing countries as a permanent legal feature of the world's trading system.

Under other agreements, developing countries are given the right to impose trade barriers to redress balance of payments deficits and to protect industrial and agricultural development.

Another important aspect of the changes to GATT's framework is an understanding containing an "agreed description" of customary GATT practice in the field of dispute settlement as well as improvements in the existing dispute settlement mechanisms.

While the Tokyo Round has made some substantial improvements to the world's trading system, it has failed to enter one key domain, namely, that of access to supplies. Access to markets for exporters is a traditional concern of trade negotiators but importers, the other side of the export equation, cannot yet be certain that exporting country politics or big business will not stop them from buying whatever they need at reasonable prices and in adequate quantities.

An attempt was made to raise this issue, a crucial one for Western nations, which must rely on very distant sources for raw materials supplies. But the only result was a written understanding stating that talks will be continued later.

Whatever the loopholes left by the Tokyo Round, it is certain to mave a major impact on world trade if only because 99 countries took part in it, including three socialist states from Eastern Europe.

Given the uncertainties facing the world economy, it is unlikely that such a huge exercise in international trade negotiations will be repeated within the next 10 to 15 years.

THE TOKYO ROUND AT A GLANCE

TARIFF CUTS: The average across-the-board cut will be about 25 to 30 per cent. For example, the average EEC tariff will fall to 7.5 per cent from 9.8 per cent;

IMPORT CURBS: No agreement yet on whether import curbs to protect home industries against disruptive imports may be applied selectively against particular foreign suppliers. Negotiations will continue in coming months;

CUSTOMS VALUATION: The United States has agreed to give up its selling price method of customs valuation, whereby the actual selling price within the U.S. of a similar U.S.-made product is used to calculate customs duty to be paid on an imported product:

PREFERENTIAL TREATMENT: Tariff and non-tariff preferential treatment in favour of developing countries is recognised as a permanent legal feature of the world's trading system;

ACCESS TO MARKETS: This, for exporters, has been improved by the general reduction of barriers to trade. The important question of access to supplies has not yet been fully explored. Negotiations are likely at a later stage;

NON-TARIFF BARRIERS: The Tokyo Round goes well beyond the previous Kennedy Round of trade negotiations because it includes accords to remove non-tariff barriers to trade such as subsidies and countervailing duties, discrimination in government purchasing, complex import licencing procedures, technical barriers such as norms and standards, and diverse customs valuation methods;

EXPORT SUBSIDIES: Governments will commit themselves not to subsidise exports of manufactured products and minerals, and to limit export subsidies on primary goods such as food, fishery and forestry products;

MEAT, DAIRY PRODUCTS: Two separate multilateral arrangements have been concluded for bovine meat and dairy products. These are mainly consultative mechanisms without binding economic provisions.

MEN AND MATTERS

Soldiers kick the ball away

After ten years in power, the Nigerian military government has fired a grievous parthian shot as it prepares to hand over to civilian politicians. From this Sunday, all football pools will be illegal in the country.

The 80m Nigerians are relentless gamblers, so the announcement of the ban, in the military's farewell budget, created instant shock waves. The pools are based on the British soccer leagues, and the fortunes of clubs here have long been closely followed in big cities such as Lagos and Enugu, as well as in remote villages. News sheets forecasting results have mass readerships.

The ban is likely to set off a new kind of black market. This might, incidentally, bring some extra revenue to British pools promoters. I am told by Littlewoods that until 12 years ago a sizeable flow of coupons and cash came from Nigeria. Then British pools were outlawed and local versions sprang up in their stead.

The military government—heavily influenced by Muslim northerners—has acted partly from religious motives. But it must also have been troubled by the rackets linked to the pools. Reports of swindles by agents fill columns in the papers.

Most famous of all is the case of Sergeant Olu Adesuyi, who one week laid out the equivalent of £11,000 and was overjoyed at the belief that he had won £125,000. But on hearing that the agent had embezzled his stake, he was struck dumb. Then he was kidnapped by gangsters who believed he had his winnings on him. After many tribulations he was freed, then went to a witchdoctor to get his speech back. This was done by extracting a tortoise from his thumb, so it is said. Whether he also got his £11,000 back is not related.

To show that they are not merely castigating the common man, the government is also shutting down the casinos patronised by the Lagos rich. It is strongly claimed that these establishments are linked to a local "mafia" with friends in very high places.

"No sneers please, they're British"

Figures and fancy

The "culture shock" of the £107m oil terminal on the island of Flotta, Orkney, is well demonstrated by a contrast in names. The terminal streets have been given numbers in American style—First Street, Second Street, and so on. The houses and farms on the rest of the island have far more colourful titles, including Heather-Cow-Root, Cat-Muir-Hall and Hunger-Him-Out.

New gang

Turning the tables on Western reports that the Chinese thaw is beginning to ice up again, Peking Radio now implies that arrested activists may well be the Gang of Four in new guise. A gnomic broadcast informs us in justification: "The democratic movement and all its organisations had been denounced by a new poster as 'revisionist' and 'favouring ultra-democracy'." This seems to be a new version of an old tune.

In other respects, Peking Radio carries news more reassuring to the cohorts of industrialists anxious to teach the Chinese what fun capitalism can be. The next item on the bulletin announces plans to commercialise the Great Wall, extracting "about $10m for the State."

"If we can provide camels, donkeys, horse-drawn carts or motor-driven tourist carts to serve our foreign friends, then they will be very happy. . . . It is hard for foreign female tourists wearing high heels to climb to the Great Wall. In the summer we could sell straw hats with a picture of the Great Wall printed on them; in the winter we could sell fur hats. There are many things we could do." Citizens of Blackpool could offer further suggestions, no doubt.

Dropping the nod

Judge Melford Stevenson, who retired yesterday, will long be remembered for his uncomplimentary references to Slough and Manchester. But my favourite story about this caustic man concerns one of his less celebrated cases, during which he was being addressed by a young inexperienced barrister.

The barrister used the popular technique of repeating several times, in detail, the virtues of his client.

Seeing Stevenson's glazed look after an hour of this, the solicitor tugged at the barrister's gown, and passed him a note on which was written: "Can't you see the old fool's with you?" The barrister looked momentarily irritated, screwed up the note, and continued. The solicitor picked up the note, unscrewed it, and passed it over again, a pantomime which went into several performances.

Eventually Stevenson asked what was written on this much-used note. "Instructions, your honour," said the barrister, turning red. "Just casual instructions."

His expression turned to horror when Stevenson insisted on seeing the note, and despatched the clerk to pick it up off the floor.

"Have you read this note?" he demanded wearily, after unfolding it.

"Yes . . . no. This is to say I have glanced at it, your honour."

"I can only suggest you glance at it again."

Miner concerns

With direct elections to the European Parliament only two months away, it might be thought that the current Parliament was something of a lame duck.

But outgoing Euro-MPs are determined to show that nothing could be further from the truth, and that they are—as ever—in touch with the vital issues of the day.

The latest batch of questions fired off at the EEC Commission include such burning topics as "The Irish onion industry," "Dumping of yellow mustard seed from Canada." "The number of olive trees in Italy," and "Fall in the value of pensions paid in French francs to retired miners living in Luxembourg."

Foot note

The food processing industry's endless search for new treats is leading to all manner of gastronomic oddities. Vegetable, mineral, and with animal and possibly Freudian connections, the brainwave of a West German manufacturer, comes the *Grosser Fuss*, a lime-flavoured icecream on a stick moulded in the shape of a human foot (with toes).

Observer

FINANCIAL TIMES SURVEY
Wednesday April 11 1979

SYRIA

President Assad's eight years of rule have brought stability to Syria, which is now in the forefront of the Arab world's leadership as Arab opposition to the Egypt-Israel settlement widens. At the same time Syria has the essential resources, and the projects in hand, to create a well-balanced economy.

Unity brings its rewards

By Anthony McDermott

"RESPONSIBILITY TO the Arab nation." There is no phrase repeated more often by officials in Damascus these days. For Syria, perhaps more than at any other time during the eight-year rule of President Hafez Assad, feels it is in its most natural position: at the heart of the leadership of the Arab world.

It has been a formidable trek for Syria since President Sadat of Egypt first went to Jerusalem in November, 1977, and subsequently edged towards a peace treaty with Israel.

Through the "steadfastness" front — those states most opposed to a settlement with Israel—Syria strove initially just to build up opposition to Sadat's move. Recently, with Syria in the forefront, the drive has been to widen this opposition to embrace all Arab countries—notably those such as Saudi Arabia and Jordan with close links with the United States—and thereby restore *Arab unity which had been* badly disrupted by Egypt's negotiations with Israel.

More than once the steadfast*ness front itself was reduced to impotence by splits within its* ranks, mainly as a result of the longstanding feud between Syria and Iraq. But with the agreement "in principle" reached at the beginning of the year to form a single state between the countries a major impediment was removed. As a result the centre of the Arab world shifted strategically east of Suez.

Syria was not solely responsible for turning an opposition Arab front into the pan-Arab conference — barring Egypt, *Sudan and Oman—which* agreed in Baghdad at the end of March to isolate Egypt politically and economically. But Syria played an *important role in* linking such hardliners as Iraq and the Palestine Liberation Organisation and waverers such as *Jordan and Saudi Arabia.* This resurgence of Arab unity, which always has been in the back of every Arab politician's mind *and an aspiration on the lips* of every orator, was less something spontaneous than a respone to what was seen as a *sinister threat from* outside.

But for Damascus, the breeding ground more than 30 years ago of Baathism with its three basic slogans—"Unity" of all Arabs; "Freedom" from outside domination; and "Socialism" of a particularly Arab type—the Baghdad conference last month was a cause for supreme satisfaction.

Solidarity

At the same time Arab solidarity brings its own specific rewards for Syria. For years Syria has competed with Egypt *for leadership of the Arab* world. But behind this rivalry there has always been a *fear of complete alienation, combined with a desire for co-operation.*

Unlike Syria, Egypt has never been geographically exposed at the crossroads of the Levant to the invasions of armies *and political ideas.* As a result, whenever Egypt acts on its own, as it did in 1975 by concluding the second Sinai *disengagement agreement,* Syria instinctively feels isolated and vulnerable.

To counteract this it has tried to *consolidate its position* through moves towards union with its neighbours. After the Sinai agreement, Syria turned *to closer links with Jordan.* This time, in response to the crisis of the Egypt-Israel treaty, it has produced an agreement *for union with Iraq—and* the additional bonus of Arab consensus.

Beneath formal enthusiasm at the prospects of its union there lies caution, derived not least from the disastrous experience of union with Egypt between 1958 and 1961. For union has many implications for Syria and the fact that talk is now of a federation or confederation rather than a single state betrays official misgivings.

At first sight there would seem to be more for Iraq to gain than Syria. There is deliberate caution in the approach towards unifying the two Baath parties which split in 1966. Continuous Iraqi aid theoretically would give Damascus greater leeway in dealing with such major donors as conservative Saudi Arabia, which always becomes apprehensive when Syria enters a phase of political strength and confidence.

But to replace Saudi aid by Iraqi support could very well *lead to a new form of* dependence. Syria and Iraq also differ on the question of whether there should be any *kind of settlement with Israel.* And there must be concern that the Syrian Government is more flexible and liberal than that of Iraq—which affects not *just politics but also economic* questions such as the future role of the private sector.

The Baghdad resolutions had several benefits for Syria. First, concentration on executing their clauses will buy Syria valuable *time in which to evolve* a *new strategy towards finding* peace with Israel. For, although Syria has a reputation for being militantly hostile towards any kind of settlement with Israel, this is no longer the case. In foreign affairs Syria certainly drives a hard bargain, but it remains committed to finding a settlement based essentially on UN resolutions 242 and 338.

Occupation

Second, the Golan Heights are *now in their second decade of* Israeli occupation and this remains a constant slight to Syrian pride. Defence expenditure has been increased in this year's budget to $2.1bn, or more than 70 per cent of current expenditure.

Nevertheless, Syria knows that it would be heavily defeated in a fight with Israel which has not forgotten the almost successful surprise attack on its forces on the Golan Heights at the beginning of the 1973 war.

Indeed, officials say frankly that at this stage Syria has no war option. Inevitably they *qualify this view with the* observations that if there is to be a war, Syria should decide its timing; and that to fight now *might be more in the interests* of Egypt and Israel than of Syria.

Third, the Arab consensus *arrived at in Baghdad makes it less necessary for Syria to be* dependent, politically at least, on the Soviet Union.

The crucial weakness in *Syria's regional strategy* remains Lebanon. After the withdrawal of Saudi and Sudanese troops, the peace*keeping* Arab Deterrent Force consists—apart from a small contingent *from* the United Arab Emirates—solely of Syrian troops: about 26,000, costing about $80m a month.

So Syria's peace-keeping mission has now more the complexion *of an army of occupation* and this increases the risks of local tensions leading to a direct clash with Israel.

It is definitely on the Government's mind to withdraw. Mr. Abdel-Halim Khaddam, Syria's Foreign Minister, said as much during a visit to London last month. But it is hard to see withdrawal coming about and there is no military evidence as yet even of withdrawal preparations.

It is not hard to see why: the new Lebanese army is small and only very recently formed; the political scene remains sharply polarised with President Elias Sarkis impotent; and Israel indirectly controls a strip of territory along the border in the south.

Talks of withdrawal may just be a threat because none of the basic problems which prompted Syria to send in its troops in June 1976 has been solved. It would also appear to be humiliation.

At home, Syria is a more *openly affluent country* than before. In Damascus there are more large modern American cars on the streets; shops sell *sophisticated hi-fi equipment,* perhaps not as extravagantly as in the Gulf, but in spectacularly larger quantities than seemed possible some years back.

With its modern blocks of flats and its new, attractive Sheraton Hotel, Damascus has shed some of its drabness and is *showing symptoms* of becoming a modern and more lively capital.

But beside this apparently more *liberal air,* the Syrian Government remains extremely security conscious. Youths stand at the corners of all buildings *of importance in the standard* "uniform" of roll-neck sweater and flared trousers, machine-gun in hand — a bizarre *similarity with Tehran since its* revolution but in a more tightly-disciplined form.

This concern with security colours the way in which the country is run. Ostensibly it is the Baath Party with its intricate structure of cadres, committees and unions, *its links* with other parties in the National Progressive Front and its carefully thought out *socialist ideology which governs* with popular support. But in tandem there is an informal structure based on President *Assad's cautious attention to,* and consultation with, the different ethnic, religious and economic groups.

Realistic

This *is* supported by his appointment of close, trusted relatives to key security and paramilitary positions. Syrian *officials* are often more realistic than their counterparts in other Arab countries; but they are either extremely evasive on *these sensitive issues* or take foreign observations as prejudiced criticism.

Syria's history since inde*pendence has shown that it is* an extremely vociferous and difficult country to govern. And its problems are not just *internal. It is a sign of Syria's constant fear of interference* from outside, in this case from Israel, that it is still technically under martial law.

So it is hard to conclude that Syria could be governed effectively at this stage of its political and economic development *in any way other than that* chosen and evolved by President Assad. For his rule, the longest continuous tenure of the *presidency since independence,* has not only given the country unprecedented stability but also provided time in which to *study options.*

Gone are the early years of erratic spontaneous decisions generally in reaction to outside *events. Instead, the Government* now takes time to consider how to initiate policies.

One microcosm of this pro*cess can be seen in the* economy. The overthrow of the Shah in Iran was seen in Damascus with satisfaction as *an "inevitable" historical* event. But Syrians were also aware of the upsurge of religious feeling in Iran and *the disturbing effect which* uncontrolled economic development had on Iranian society.

Syria never has had and probably never will have wealth on the scale of major oil producers. Nevertheless, the Government is thinking very hesitantly about expanding the role of the private sector within the centralised economy and encouraging foreign investment. Last month, for example, it breached the rules of the nationalised banking system which excludes foreigners by authorising the establishment of a Syrian-Jordanian bank to operate as a commercial bank.

On the one hand it is guarding against what it sees as damage to Syrian society, and on the other it is trying to make *the existing machinery* more efficient—even if it involves stealing a few of the methods and personnel which make the private sector work.

At the same time Syria is much aware of not being fully its own master. The economy is heavily dependent on foreign aid, mainly Arab. This year, as a result of the decisions taken at the Baghdad summit last November, it has been given firmer assurances and a far larger sum than before, when budgetary planning was often upset by uncertainty over the quantity and timing of the aid.

There can be little doubt that in Mr. Assad Syria has the best president available. He has never deliberately sought international popularity; rather, his greatest gift has always been to buy time in which to make decisions.

The Egyptian-Israeli treaty has presented him with his stiffest test yet. But the frustration is that in broad terms it remains impossible for the *moment to make long-term* decisions on his Middle East strategy and internal policies as long as developments outside *the country remain unsettled.*

BASIC STATISTICS

Area:	71,498 sq. miles
Population (1977):	7.89m
GDP (1977):	S£21bn
Trade (1977):	
Imports:	S£10.5bn
Exports:	S£4.99bn
UK Trade (1978):	
Imports from UK	£57.9m
Exports to UK	£4.3m
Currency:	£=S£8.115

Key factors in economic growth

SYRIA'S ECONOMY, although potentially more self-sufficient than those of its neighbours, has always been acutely exposed to the political stresses in the region.

In the next few months the Syrian Government has to make an important decision which will affect the pace at which the economy is to grow. Also under consideration is the extent to which both the private sector and foreign investors are to be encouraged.

But much will depend on political developments in the wake of the Egypt-Israel treaty, the execution of the wide-ranging resolutions at the Bagdhad conference to isolate Egypt, the progress toward union with Iraq, and, above all, how at home the leadership of the Baath party, whose national congress is to be held shortly, reconciles moves towards a measure of economic liberalisation with its ideology of State-dominated centralism.

One of President Assad's most important achievements during his eight years of rule has been to bring stability to the country. As one senior economist put it: "This is a new factor to reckon with. Syria's past and most recent history is filled with a myriad coups and counter-coups.

"Syria's merchants and businessmen have learned to outlive all these upheavals, but as a result Syria remained a country dependent on primitive agriculture and a relatively strong merchant class. No one was willing to risk his capital for the medium and long term in a way that would help develop industry."

This last factor has now changed considerably—in particular after the boost given by the inflow of Arab funds after the 1973 Arab-Israeli war. But Syria's economy remains one of remarkable apparent contradictions and glaring weaknesses.

For example, under the impact of Baathist socialism, the State through public enterprises controls the high ground of the economy. But as official statistics for 1977 show, the private sector controls (but often through companies deliberately small enough to be immune to nationalisation) more than 97 per cent of light industry, more than 95 per cent of agriculture, about 87 per cent of the construction industry, almost all internal trade, and 31 per cent of all transport.

One-third of Syria's imports—about $1bn, of which $350m is customs dues—is financed by Syrian money from abroad.

Weakness

Some parts of the public sector, such as oil and finance, are well run, but others notably not. A major stifling weakness comes from heavy bureaucracy and inexperienced management.

Above all, most statistics in key areas, except oil and agriculture, are finally being acknowledged to be erratic to the point of severely hampering any kind of economic planning and forecasting. At present all statistics for the period 1970-75 are being corrected; and an improvement is already being felt through computerisation of the Finance Ministry's figures.

The pattern of Syria's growth since 1973 is a now familiar tale. Until 1976 it averaged an annual rate of about 13 per cent, mainly because the industrial and construction sectors more than compensated for slow growth in agriculture and the commodity-producing areas. The fuel for this expansion was Arab money.

Inevitably, this acceleration brought with it inflation, bottlenecks, an increase in corruption and some of the more extreme forms of consumer spending. Partly because it was felt that a pause was needed to consolidate the economy after this rapid growth and partly because there was a cut-back in Arab funds (reflecting political displeasure at the time with Syria's invasion of Lebanon), a slowdown followed.

In real terms, GDP fell from a rate of 7.6 per cent in 1976 to 2.6 per cent in 1977. Preliminary estimates by the Central Bank suggest that as a result of comparatively better harvests, and a higher rate of expansion in the industrial sector and services, the growth rate last year may have picked up to between 4 and 5 per cent.

It is at this point that a crucial debate begins. Its result is ultimately dependent on the decision of the President and the Baath Party whether to go for higher growth or keep the belt tightened for another year.

On the whole economists of the formal Government organisations—the economic ministries and the central bank—favour the latter course. But they also point out that, first, it is a political decision; and, secondly, that as a result of regional and global political events, the options could be chosen for them.

The starting point is the most recently promulgated budget. Under its terms total expenditure for 1979 (the fiscal year corresponds to the calendar year) is to reach Syrian £22.6bn ($5.6bn), a rise of 16.8 per cent over the actual spending in 1978 of S£18.5bn ($4.6bn).

Current expenditure rose by 5 per cent from S£7.8bn ($1.9bn) to S£11.6bn ($2.9bn) —almost entirely because of defence spending, which rose from S£4.7bn to S£8.3bn, although there was a 6 per cent increase for salaries to guard against inflation.

Similarly, the investment budget rose by 5 per cent to about S£11bn ($2.8bn) from actual spending in the previous year of S£10.5bn. The progress of the 1976-80 development plan is directly related to the annual investment allocations in the budget.

At the hub of the debate is the question of the nature and size of foreign aid and development strategy. As another article in this survey shows, most of Syria's aid in recent years has come from the Arab countries supporting the "confrontation" States around Israel — chiefly from the 1974 Arab summit conference at Rabat.

Much of this aid, although ostensibly destined for defence, was in fact spent on investment. Because defence commitments were paid for in medium and long-term instalments Syria felt free to use the quarterly aid tranches for short-term development expenditure.

Two new elements were introduced with the award of aid worth $1.85bn at the Baghdad summit last November (an effective increase of $1.3bn once Rabat is removed, and because of the fiscal years of some of the donors the real inflow in 1979 may in fact be closer to $0.9bn).

Firstly, it is believed the donors have been insisting more strictly that their aid should be spent on defence. Second, there is a movement towards more current expenditure on defence. This will lead directly to a shortfall in funds available for the investment budget, which is regularly underspent by between 25-35 per cent. (By contrast, current expenditure is between 90-95 per cent disbursed.)

If this thesis holds sway, then the current policy for the 1976-1980 development plan will continue—that of completing only important projects already started and holding back from beginning new ones. The national planning organisation for one at present believes, while it starts work on the next five-year plan, that this strategy will in fact be continued until 1980.

If the Government decides not to reflate, then according to preliminary calculations the growth rate this year will be similar to that of 1978, even if inflation—as a result of the local unproductive demand created by increased military spending—does rise to about 2-4 per cent above the average estimate of 10 per cent in 1978.

However, there is the counter-pressure to resume expansion and to start work on new development projects. In these circumstances Central Bank sources indicate a real growth rate of between 5-7 per cent and a rate of inflation as high as 16 per cent.

There will be three related developments as a result. The first affects borrowing from the Central Bank to cover budgetary deficit.

In recent years this has fluctuated in direct proportion to the inflow of capital from abroad. In 1976, for example, a deficit of S£4.3bn was covered by an inflow from abroad of S£1.9bn and credit from the central bank. The following year the inflow had risen to S£5.5bn and Central Bank credit had fallen to S£742m.

For 1978, initial estimates of the deficit were put at S£10.7bn. But it was probably as a result of the cut in development spending and improved revenue performance that it was reduced to about S£7bn, of which a sizeable proportion was financed by bank borrowing. Even so, the Central Bank's debt amounted to twice that of the previous year.

In 1979, although the budget anticipates an inflow of S£8.1bn ($2bn) under the heading of loans, assistance, and other receipts — that is, largely Baghdad conference aid — the central bank's debt is likely to be even higher.

Secondly, inflation levels of 16 per cent may be modest in comparison with some countries in the Middle East, but wage-earners in the public sector, particularly those less well-paid, will be affected to such an extent that officials fear social unrest may result.

Balancing the economy: a shepherd with his flock beside the fertiliser factory at Homs

Exports

For while wages in the private sector have been uncontrolled, public sector workers have received only a 20 per cent rise in February of last year and a series of fringe benefits and specialisation and productivity deals, most of which have not been honoured. So this group's spending capacity will have been considerably eroded by the end of 1979.

A third area which will be affected by reflation will be the balance of payments. Up to 1976 this had largely been in surplus. In that year, a deficit of $505m was recorded. The following year there was a slight surplus of $165m, and a further deficit was anticipated for 1978 of about $200m, somewhat less than originally forecast.

This resulted directly from a shortfall in funds from abroad to cover the trade deficit. Performance this year depends mainly on whether the Baghdad promises are fulfilled and also on whether the economy is expanded.

Though Syria's exports of crude oil should benefit from the OPEC price rises, and though Syria should earn an additional $125m from the renewed transit of Iraqi oil, it is probable that the trade deficit will widen as a result of higher costs of imported machinery from the West required for development.

Parallel with this indecision over growth are signs that the Government is considering whether to introduce a measure of flexibility—through expanding the private sector and decentralisation—into an essentially centralised economy.

A case in point is the question of subsidies. Price control and subsidies, which total about S£1bn a year, fall into different categories. Vital commodities such as sugar, rice, vegetable oil, bread, flour, certain fuels, fertilisers and cement — all covered by State monopolies — are heavily subsidised at prices decided by the ministerial economic committee.

In a second category falls the retail prices of goods produced in the public sector, while in the private sector profit margins are restrained within certain bands—between 10 and 15 per cent for such essentials as foodstuffs and between 10 and 28 per cent for consumer durables.

Rents, in theory, are subject to strict controls except for homes rented by foreigners and those less than five years old. But although economists argue that even the poor could absorb the rise in prices caused by abolition of subsidies, it is probable that the Government would be unwilling to take that kind of political risk, which early in 1977 caused extensive riots in the streets of Cairo after a similar decision.

The public sector is predictably a costly affair to run. The surpluses of the public enterprises transferred to the budget (essentially profit and also depreciation charges) have averaged over the period 1976-78 about S£3.8m of which nine-tenths have come from the industrial mining and construction sectors and from banking and finance.

In contrast, credit outstanding to the main public-sector enterprises—i.e. their debts—stood at S£7bn in March, 1978, and averaged over the previous three years S£6.4bn, with most of the credit going to the foodstuffs organisation.

Advocates of the private sector point to the comparative efficiency and profitability of their operations. However, the public sector argues with some justification that its operations have been on a large scale only fairly recently since the nationalisations early in the 1960s, and that in any case it performs a vital social and ideological function.

The fact remains that the private sector lacks confidence. In the past year its belief that the Government was not truly interested in offering encouragement appeared to be confirmed by a decree barring private companies from bidding for Government construction tenders in excess of £1m. The Government's intention was to encourage 14 new specialised public sector construction companies set up since 1975 to reduce bid prices of private companies by offering competition. But as private companies carried out between 70 and 80 per cent of major Government construction development projects may well be hit.

Efficiency

At the same time two mixed companies in tourism with 75 per cent public and 25 per cent private holdings have been set up. Much enthusiasm for the private shareholdings, limited to 5 per cent per person, was shown. There appears also to be a clear desire on the part of the Government to dispel doubt about treatment of foreign investors wishing to establish joint ventures with foreign private capital in such areas as agro-industry and industry.

But so far among joint ventures there seem to be only two: one with a French company to produce automatic telephone exchanges and another with a Spanish company to assemble tractors. This uncertainty on the part of the private investor is reflected in Governmental joint projects—limited to companies set up with Saudi Arabia, Jordan, and Libya.

The picture which emerges is not of an economy undergoing fundamental transition because there can be no change expected in the basics of Baathist socialism. Nor is it of an economy under enormous strain or suffering from gross sectoral distortion.

Anthony McDermott

Political arena remains calm

ONLY A complicated political system could bring stability to a country, which was once the most volatile in the Middle East. President Assad has ruled Syria for 8½ years with a unique combination of ruthless determination and benign acquiescence. He attracts a high degree of personal admiration from Syrians who, privately, might not give wholehearted support to the political mechanisms by which he rules.

While imposing and maintaining order over a tapestry of conflicting interests, the President has managed to place himself beyond the criticism that is directed at those around him.

Such criticism has three origins: from those who for various reasons do not like the socialist Baath Party; from those who believe his system has encouraged corruption and inequity; and from those who claim the President favours members of his own minority Alawite community and close family.

The critics often ignore the fundamental importance of the benefits which President Assad has brought by forcing stability on an unruly strife-ridden State. Whatever is said, it is a credit to him that they are able to say it, and it is hard to believe that Syrians are not better off economically, politically and psychologically than under his predecessors.

It is also difficult to imagine a Syrian leader from the past whose regime and policies would not have been torn apart by an agreement like President Sadat's peace treaty. Syria still glares with dissatisfaction, but the threat posed to Arab ideals by the Egypt-Israel treaty is a strong unifying factor.

In case of doubt over the wisdom of union with Iraq, which he considers vital, the President recently reshuffled top posts in the armed forces.

Syria used to change its leaders almost once a year. Before 1970 the country had tasted every form of rule from parliamentary to extreme Right and Left. Syria was the birthplace of modern Arab nationalist ideology and yet its expression, the Baath Party, even dissolved itself in efforts to achieve Arab unity.

That was in 1958, when Syria gave up its identity to merge with Egypt as the UAR. At every political tack some section of the Syrian people said No.

President Assad's assumption of power from head of the Air Force followed his refusal to back Syrian Army intervention on the Palestinian side in Jordan's 1970 civil war. Domestically, he was known as a liberaliser who parried his expulsion from the regional command by wild Baath militants with the blunt tactic of arresting them.

This ability to enforce mild policies harshly was the key to his early survival. Since those turbulent days he has created political structures as contradictory as the forces they control. It is significant that Syria today has five separate security services, five parties loosely linked in a National Front, and about as many ethnic, clannish and religious allegiances as has Lebanon.

Comparison with Lebanon goes no further, though, because the power of Syria's Baath Party is more important than sectarian differences such as still hold sway in Lebanon. The highly-centralised Baath Party dominates civilian and military life, and the President's choice of individuals in key positions enables him to direct policy.

Skilful

On this skilfully constructed scaffold President Assad has climbed above serious personal criticism. The party is not as widely appreciated as the President. It uses "popular organisations" (unions or workers and peasants, student groups, professional associations) rather than mass membership to implement its ideals.

Mr. Abdullah Al Ahmad, member of the Baath regional command, said in an interview that the party had 68,000 full members, and several hundred thousand probationary ones. This conflicts with numbers given by Mr. Fadil Ansari, information chief of the national command, which deals with Pan-Arab matters, of 125,000 full members and 225,000 probationers.

Either way, only a small proportion of Syria's 2.1m voters are in the party, despite the advantages which membership would offer.

Regulations requiring school principals to be party members had to be rescinded because not enough teachers would join, even to further their careers.

Historical reasons help explain the Baath's lack of appeal. In the past, the most forceful expression of Baathism found roots in the countryside and it found a natural target in the politically bankrupt Sunni-dominated officer corps of Damsacus. Syrian cities had more Sunni Moslems and Christians whole minorities (Druzes, Ismailis, Alawites, and others) propered in mountain and rural areas. The commercial classes of the cities disapproved of socialist ideas.

The lack of inspiration in the Alawite leadership of the Baath Party for the Sunni orthodox majority is more the product of economic history than of the subtleties of Islamic interpretation.

Syria's leader would be the first to admit that the country is troubled by corruption — in 1977 he personally instituted an anti-corruption campaign. It petered out, however.

President Assad is like a tightrope walker holding not one but a number of balancing poles, each counterpoised by the weight of different interest groups (the merchant class, workers, peasants, the army, all divided by sectarian and ethnic or clannish distinctions, plus minority parties).

He maintains equilibrium by doing as little as possible to offend any group, turning a blind eye to almost any activity except political plotting, responding to pressure with the minimum reaction, and by relying on the loyalty of those close to him.

Syrian officials deny that key positions are held by Alawites, or people in some way related to the President. They say the important element is the Baath Party.

The party has put roots into every section of society. In doing so, it has embraced contradictions of the multi-confessional communities of which Syria is composed. The President keeps the party unified by controlling the politicised security forces with people he trusts. It is not surprising and it is logical in the context of Syrian history that members of his family figure prominently.

The most powerful man in the army is Lt.-Col. Rifaat Al Assad, one of the President's brothers, who commands a force of about 22,000 men. This division and a-half protects Damascus with tanks and anti-aircraft guns. Another brother, Adnan Al Assad, controls army units closer to the centre of the city.

Syria's army is a political body and Rifaat Al Assad is also president of an association of 5,000 post-graduates within the armed forces who function as political cadres.

Dr. Ali Al Khayer, editor of the association's newspaper, Al Fursan, explained: "We are an autonomous organisation whose president, Dr. Rifaat Al Assad, is a member of the Baath regional command. Our cadres are a vanguard who interact with every section of the party to develop the country and politicise the people."

Some idea of the subtle dimensions of Syrian politics is given by a denial by Mr. Ansari of the Baath national command that this was the case. He said: "Those vanguards have no function except in a military context. There is no document saying they are a separate political organisation."

Nonetheless, it is evident that whether it exists on paper or not, the association is an important means of monitoring both the armed forces and civilian organisations.

There have been signs of political changes in the army since the start of talks on union with Iraq, which Syrian officers have been taught for years to regard as an ideological enemy.

Four or five generals have been retired, including Gen. Ali Madani, head of army intelligence, and Gen. Tewfiq Jahni, a divisional commander, who recently "placed their services at the disposal of the Foreign Ministry" to become ambassadors.

Further changes in the Baath Party will become apparent at elections in the regional congress, the start of which has been delayed but which should take place soon.

Michael Tingay

The Syrian Petroleum Company is one of the companies attached to the Ministry of Petroleum and Mineral Resources. The legislative decree No. 9 of 1974 has charged it with all tasks related to discovering, exploiting and developing petroleum resources in the country, especially:

a- Making the necessary studies with regard to prospecting for petroleum and gas.

b- Doing drilling works, supervising exploration teams and productive fields and executing petroleum and gas projects.

c- Marketing crude oil and gas produced by Syrian oil fields.

The Syrian Petroleum Company enjoys a juristic personality, financial and administrative independence and is considered a trader in its relations with others.

Production of crude oil in Syrian fields started in mid 1968. The total output of these fields until 1978 amounted to 76,590,361 m3. Productive fields are located in north east Syria and are namely: Suwedieh-Karatchok-Rumailan-Jbesseh Ulaian. The number of drilled productive oil wells amounts to 462 wells and exploration wells to 320 wells. The total drilled meters amount to 1.282.000 m.

There is a special pipeline for transporting produced oil to Homs and Banias refineries and the export pumping station in Tartous on the Syrian coast.

The Syrian Petroleum Company has two exploration teams equipped with the most modern equipment. It started vibrating survey by national elements in mid 1978.

In addition to the direct efforts exerted by the Syrian Petroleum Company, it has, on the other hand, concluded three service contracts for prospecting oil with the following companies: Rom Petrol-Samoco-Bichten-Shell covering an area of 48.225 km2.

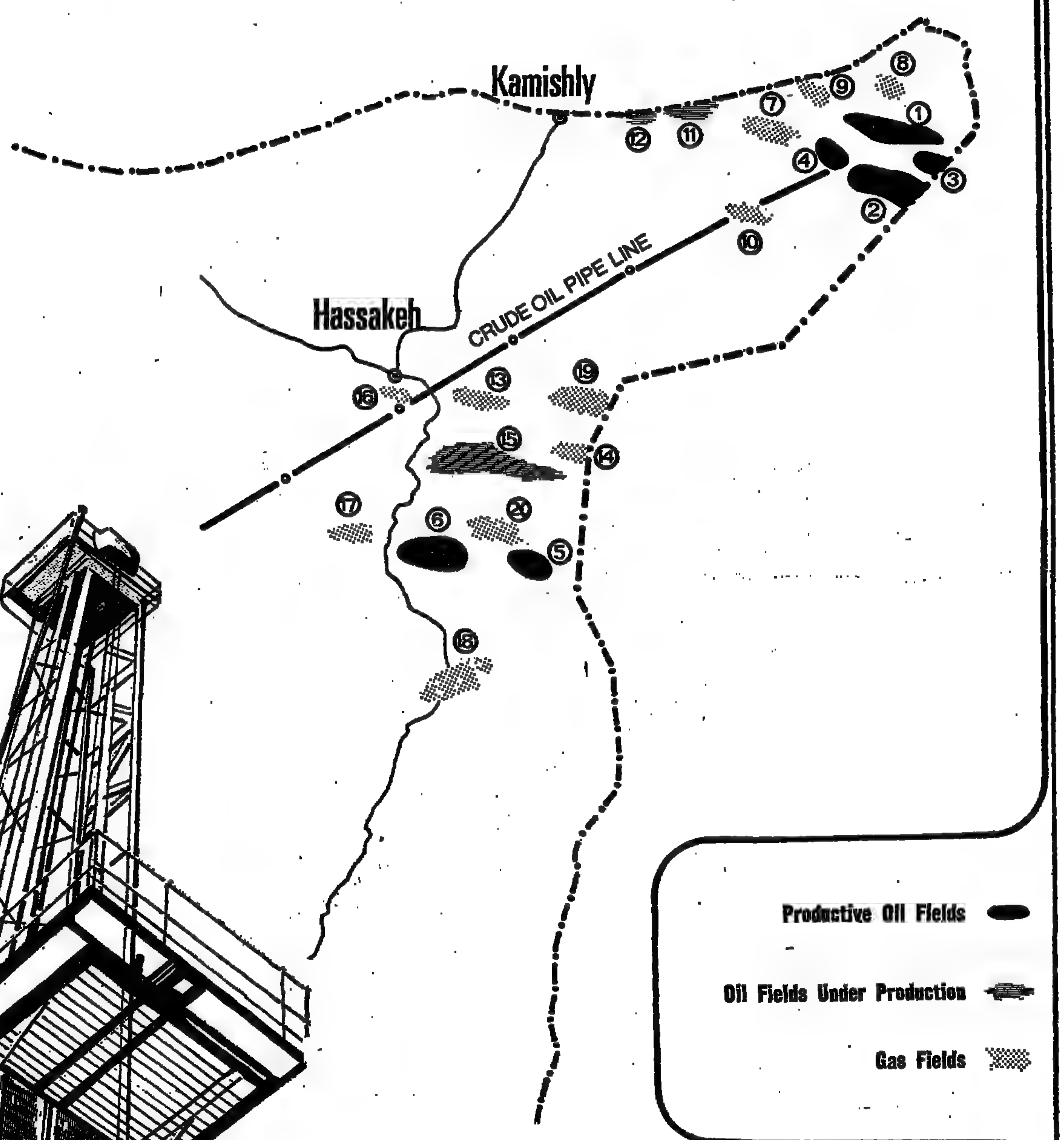
The Company shall establish during 1979 a plant for associated gases. It has also started studying the economic usefulness of exploiting natural gas fields.

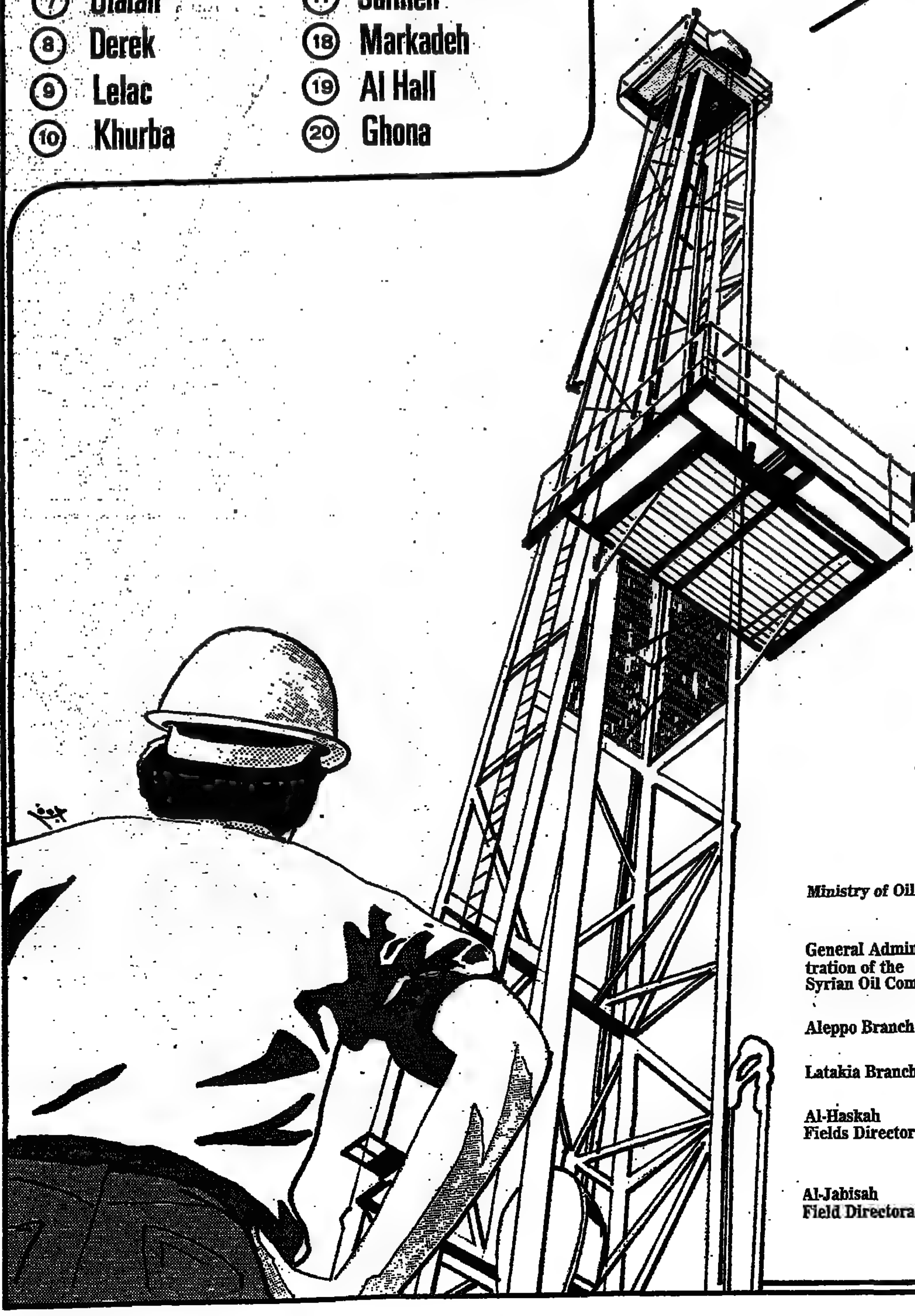
The exploitation of oil led to supporting national economy in Syria. During 1975 the contribution of oil to the total local output of economic sectors amounted to 10.7%. The individual's share of the produced crude oil in Syria amounts to 1.2 tons.

Thus, petroleum industry created a new life in the places where oil is found. It opened various and numerous horizons and led to raising the level of workers.

OIL FIELDS IN NORTH EAST SYRIA

1. Karatchok
2. Suedieh
3. Hamza
4. Rumailan
5. Kubebe
6. Jbesseh
7. Ulaian
8. Derek
9. Lelac
10. Khurba
11. Said
12. Zurabeh
13. Sheikh Mansour
14. Jrebeh
15. Tishreen
16. Sheikh Sulaiman
17. Salhieh
18. Markadeh
19. Al Hall
20. Ghona





Addresses of the Ministry, The Company and the Branches.

	Address	Tel.	P.O. Box	Cable	Telex
Ministry of Oil	Damascus Al-Adawi, Sharia al-Khatib, al-Jaddah al-Sabi'ah	557601	4892	—	Petsar 11006 Sy
General Administration of the Syrian Oil Company	Damascus, Sharia Al-Mutanabbi	228271 228298 227007 227116	2849	Ptsyria	Sypco 11031 Sy
Aleppo Branch	Aleppo, al-Omran	20350 15536	1177	—	—
Latakia Branch	Latakia, Sharia Port Said	23559		—	—
Al-Haskah Fields Directorate	Al-Haskah Governorate, Al-Qamishly, Al-Ramillan	10033		—	—
Al-Jabisah Field Directorate	Al-Haskah Governorate, Al-Haskah.	21670	30	—	—

Careful strategy on Egypt

UNTIL such time as President Sadat is toppled and his policies reversed Syria regards Egypt as enemy Number One, displacing even Israel. Efforts to enforce the political and economic boycott of Egypt, agreed at Baghdad in March, have the highest immediate priority. These objectives are not viewed as a prelude to war with Israel but to negotiations for a just peace.

To those unfamiliar with the Arab world this may seem an unlikely corollary of the Baghdad sanctions against Egypt. Nonetheless, this is Syria's strategy. President Assad was relieved that Saudi Arabia joined the front against Egypt and he believes that Syria is part of a broad, strong front which will enable it to talk from a position of relative strength.

At the heart of the unified position agreed at Baghdad is Syria's rapprochement with Iraq which was necessary before common ground could be established between so diverse a group of states as those now jointly opposed to President Sadat.

The Baghdad summit of Foreign and Economic Ministers also affects Syria's relations with the two superpowers. Saudi Arabia's inclusion in the front leaves President Assad freer in his options with the Soviet Union. Inevitably, President Carter's brokerage of the Israel-Egypt peace treaty will mar relations with Washington, but Syria is not likely to allow the political climate to deteriorate to its own detriment unless it is unavoidable.

Collapse

The results of Baghdad also buy the Syrian leader time to look at other matters of concern in the region. The sudden collapse of the strong regime in Iran has not gone unnoticed. Syria is making its presence felt discreetly in the Horn of Africa, and in Yemen.

The respite may enable Syria to improve relations with Turkey which have been strained lately. Closer to home, fatalities in Syria's forces in Lebanon are a regular reminder that the Lebanese problem will not fade away.

It is a point of Syrian dogma that the Egyptian leader's isolation will lead to his overthrow. Syria's policy is to find a negotiating formula based on United Nations resolutions once the objectives of Baghdad have been fulfilled. It is less clear whether Syria and fellow Arabs will wait only for the implementation of sanctions against Egypt or whether his overthrow is the prerequisite for the opening of international peace talks.

A senior official explained: "The point is delicate. This policy of Sadat's is so dangerous that we will employ all our resources to make the treaty fail. Our task after the isolation of Sadat is to disprove the belief in the West that Egypt alone makes peace or war. We will show the Arabs can work for peace."

The same official stated firmly that Syria will not trigger a war with Israel just to unseat President Sadat. He said: "It is not within our strategy to topple Sadat through a war with Israel. If we are obliged to go to war it will be to liberate occupied territories. Going to war might not be judicious. It might serve Sadat's interests."

The Baghdad front would have dissolved into different factions had it not been for the unification talks which started last November between Iraq and Syria. In agreeing to unite forces in the face of a common threat, Damascus and Baghdad set a vigorous example to their fellow Arabs.

The constitutional union proposed is not without its difficulties. Syria might be regarded as the junior partner since Iraq is stronger economically and militarily.

One of the great benefits of the Baghdad meeting is that Syria will be able to avoid moving closer to the Soviet camp. Last month's visit by Mr. Andrei Gromyko, Soviet Foreign Minister, underlines the role of Syria as Moscow's last reliable ally in the region apart from South Yemen. Syria needs the Communist superpower to redress the military imbalance caused by the defection of Egypt from the confrontation states. But an Arab diplomat stressed that Syria is happier with the anti-American pressure of Saudi Arabia than the option of closer links with the USSR.

To ensure that Saudi Arabia resisted pressure from the U.S., Syria and Iraq themselves put considerable pressure on Riyadh. Their cohesiveness and combined military might apparently was sufficient.

This victory of influence is important to Syria as it squares up to the U.S. to try to bring down the peace treaty. There is no suggestion, however, of an Arab boycott against the U.S., as Mr. Abdel Halim Khaddam, Foreign Minister, mae clear in an interview with a French newspaper.

Despite Syria's hearty welcome to the regime of Ayatollah Khomeini in Iran it must be said that an Islamic republic in the region is not entirely in President Assad's interests.

Causes

There are three causes for concern: the sudden collapse of power of any leader sets an unhealthy precedent; a fundamentalist Muslim regime is antithetical to Syria's Baathist views; and instability might spread across borders either through minorities, of which Syria has many, or through resurgent Communism, which the Syrian leader has gone to some trouble to bring under his wing.

That President Assad regards the spread of Communism with suspicion was demonstrated clearly in February when Syria and Iraq jointly threatened South Yemen for its military support of rebels moving against the regime of North Yemen. Their success in stopping hostilities on the Yemen border left the Baath party in North Yemen in a much stronger position.

Across the Red Sea, Syria would hotly deny that its support of the Eritrean Liberation Front is anti-Communist, even though it is fighting the Soviet-supported government in Ethiopia. Syria points out that it supported the Eritreans against Haile Selasse because of the justice of their cause, not because of ideology.

Two problems remain with Syria's neighbours: a minor one—almost an aberration—with Turkey, and an overwhelming one in Lebanon.

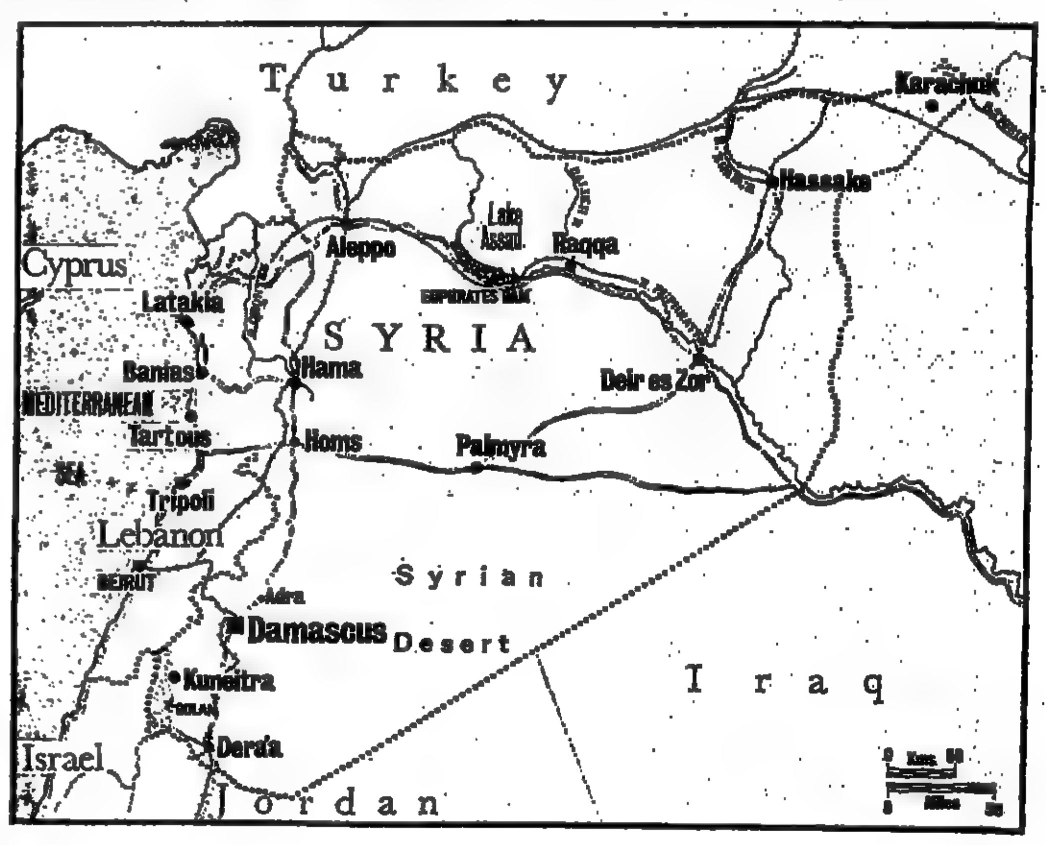
Turkish problems erupted in October 1977 when Syria stopped a Turkish train of Russian supplies bound for Iraq, preventing it from leaving Qamishliye. Food on the train rotted and Syria would not return the train to Turkey for months, according to diplomats. Difficulties are connected to the Syrian-Greek voting alliance in the United Nations and elsewhere and the Turkish-Egyptian common vote over Cyprus. At one point the Latakia-Famagusta ferry was halted.

Syria even stirred up pre-1939-45 war memories in Turkey's Haytar province, where Arabs have historic links with Syria. Officials say relations have returned to normal but in the background is Turkish anger at having to take measures and tighten border security to stop the smuggling to Turkish dissidents of arms from Lebanon, where Syrian forces have a measure of responsibility.

Syria has recently threatened to pull its forces out of Lebanon, where the Arab deterrent force, including 26,000 Syrian troops, has failed to achieve its goal of unifying the country. This is a form of pressure on President Sarkis to take more imaginative action to control Lebanon's Maronites.

There have been no signs of a pull-out and the chaos which would follow would benefit only Israel. Syria was happy with the passage of the Lebanese Defence Bill, signed last month by Mr. Sarkis, which weakens Maronite influence in Lebanon's armed forces. Syria is well aware that Israel could use Lebanon as a weapon against her, especially since the Maronite forces are already allied to Israel.

Michael Tingay



Infrastructure weak

THE ROAD, railways and communications network of Syria were inherited from a period before the modern state existed. One effect of this is that the north-east of the country is linked only vestigially to the main concentration of people who live in a broad north-south band parallel to the coast.

The stability of the last eight years has facilitated development of communications, power, water supply and the necessities on which an economy can be built, but Syria has far to go before communities in the north-east are properly integrated into the main economy concentrated in the west.

One difficulty is the absence of adequate data which planners can use as a starting point, combined with an ill-developed administration, which means that development efforts are often wasteful and contradictory The failure to develop the human and administrative skills is holding back development of the foundations of the economy.

Being unable to solve the problem from within Syria looked for outside help. The Government has had success in harnessing foreign resources to develop water control, power supplies and improve roads, railways and ports, as well as to develop training and technical skills. Money, technology and expertise has been flowing steadily into Syria from Eastern bloc countries, Arab oil-producing states and, more recently, from the West.

Road and rail links were constructed when the land which is now Syria was a series of provinces originally in the Ottoman Empire and, after the first world war, in French-mandated territory. Aleppo was at least as important as Damascus, which used Beirut as its port. Road links to Damascus from Homs and Hama were not good and the generation of what is now Syrians of early middle age would have gone down to Beirut rather than Damascus for business or social trips.

Damascus is now linked to Homs and Aleppo but is on the narrow-gauge Hejaz railway system, the same one which Lawrence of Arabia sabotaged. This splendid relic of German engineering links the capital with Amman in Jordan. The ancient steam locomotives (there are nine, the oldest a Swiss engine built in 1892) and their rickety wooden carriage, steam past the new Sheraton Hotel each morning emitting a shrill and persistent whistle. But the Hejaz railway is one of the public sector companies which makes a profit, having amortised its capital costs many decades ago.

Surveying

The Soviet Union has been engaged for several years in improving the railway network. The new Latakia-Aleppo-Qamishliye line was finished in 1975 and the system is steadily being extended southwards. Site surveying has begun on the section which will link Homs wtih Damascus. The USSR has just completed the new railway from Homs to the phosphate mines near Palmyra. This line and the northern network to the oil fields are significant in linking productive areas of the east to the population centres of the west.

The road network has greatly improved in the past three years with the expansion of dual carriageways but the extensions have barely kept abreast of the rapid increase in the flow of goods by road. Up to 90 per cent of freight in Syria is moved by road. Congestion was serious before the rapprochement with Iraq but the transit of Iraqi goods to Latakia and Tartous ports is steadily increasing the pressure.

There are seven new road projects either agreed or under way. In all cases foreign assistance work with the Syrian public sector comes under the framework of the five-year plan. The projects are:

- The Aleppo-Homs highway, all single carriageway in 1976, is now almost all dual carriageway and the World Bank has awarded $58m to finish the work and to build a by-pass round Homs, which is hopelessly congested.
- The Homs-Tartous road is being widened by Syrian publicly-owned contracting companies.
- The busy stretch from Tartous to Latakia will be improved with American money (USAID has signed a $60m loans agreement).
- The north-east network north of the Euphrates River badly needs improvement. World Bank and Saudi Arabian development fund loans have been granted for studies. (The World Bank contribution is $1.2m and the British group Rendal Palmer Tritton is doing the study.)
- The Kuwait Fund for Arab Economic Development has allocated $12m for improving the Palmyra-Deir el Zorr section of the route from Aleppo to Abu Kemal, near the Iraq border.
- Work will begin soon on the new road from Damascus to Deraa on the Jordan border, paid for by a 1976 $46m USAID loan.
- The section of the Damascus-Beirut highway as far as the Lebanese border is being widened and strengthened (11m from th Saudi Arabian Development Fund).

Syria's ports have been under continuous pressure since the closure during the Lebanese civil war of Beirut port, which had always been the main port for Damascus. Initial congestion in 1976 was eased with the construction of a new breakwater at Latakia. This year a second extension will provide a deep-water harbour and permit construction of extra berths.

Berths

Eight new berths plus offshore loading facilities in deep water will mean a considerable boost to capacity. Whether this will be enough to compensate for the extra trade resulting from the Syria-Iraq road and transport agreement of January, 1979 (part of the unity process) remains to seen.

Improvements to power and water supplies was one of the cornerstones of Baath government economic policy. The Thawra power station at the Euphrates Dam can produce up to 600 MW from three turbines and the fourth will bring this up to 800 MW. The Soviet Union, which built the dam, has assisted development of a national grid which is patched into the oil-fired power stations at Banias, Homs and Damascus.

Early hopes of large-scale export of electricity proved to be exaggerated, but Syria will have ample power for its own development schemes. The government's goal is to electrify all villages with 1,000 inhabitants or more by 1981.

CONTINUED ON NEXT PAGE

Foreign aid supplied in abundance

SYRIA HAS succeeded in attracting aid in unprecedented quantities since the 1973-74 oil price rise. But the move to open the economy to foreign investors, for which there were once high hopes, has been *faltering, hindered by distrust* of the Baath social government's real economic intentions.

The Soviet Union has been the firmest of Syria's friends. Russian and East European economic assistance, part of it on a strictly commercial basis, was the bolster of the economy in the 1960s when Syria had a reputation for chronic instability and regular violent changes of regime. This impression did not really change until after the 1973 war when the oil-producing States started directing money to Damascus initially to repair war damage.

At the same time the stability of President Assad's regime began to be appreciated in the West. European assistance began to trickle in on a larger scale. In the past few years Soviet assistance has been left far behind by the huge flows of money from the Arab world.

Since the reopening of relations with the U.S. four years ago, Syria has risen rapidly in the heirarchy of U.S.A.I.D. recipients, receiving $90m last year, which was only surpassed by Israel, Egypt and Jordan. There is no political significance *in the drop in the coming year* to $600m.

The Soviet Union claims that its own assistance to Syria is averaging $100m a year, though it is obviously much lower than this following completion of the Euphrates Dam, which alone cost $400m. East European states have provided loans and technical help for a number of projects on a more commercial basis. These include: Czechoslovakia (tyre factory); East Germany (cement factory, electricity transmission); Bulgaria (irrigation); USSR (defence, irrigation, electricity, railways); Yugoslavia (port expansion); Rumania (fertiliser factory).

Bilateral and institutional Arab aid began to expand after the oil price rises. With the exception of a period in 1976 when Arabs initially opposed Syria's involvement in Lebanon, money from oil states, mainly as budgetary support, has grown steadily. In 1975 Syria is believed to have obtained more than $600m, a *level of aid which fell by almost* half in 1976.

Eventual acceptance by the Arab world of Syria's role in Lebanon led to a resumption of budget support, giving Syria at the end of 1976 $450m in bilateral development assistance and $180m a year (paid every six months) to pay for its peace-keeping contribution in Lebanon.

But there is confusion over exact figures of Arab money, not least because Syria passes money for military development and capital equipment for the armed forces through the current budget.

Gauged

Some idea of the size of Arab budgetary support for Syria can be gauged from the fact that the Baghdad summit last November put the level of aid to Syria as a confrontation state at an annual $1.85bn, said to be for the strategic development of the economy. This sum includes earlier annual commitments to Syria agreed at the Khartoum summit of 1967 and the Rabat summit of 1974, of $170m and $550m respectively.

Syria is accustomed to somewhat shaky delivery of promises by the Arab oil states, but Iraq already has paid its first quarter contribution. No other figures have been announced.

How this money is being spent can be seen from the increase in allocations for national security in the 1979 budget. At S£8.2bn it is almost twice the 1978 allocation. This is not to say that this money goes only to defence. The Syrian concept of strategic development includes building its economic base.

Direct funding by Arab states or Arab institutions for purely economic projects has been considerable. In 1976 the Saudi fund for development signed agreements for: expansion at Tartous port ($25.5m at 3 per cent interest); Latakia port ($24.1m at 3 per cent); the Damascus-Lebanon Highway ($11.3m at 2 per cent); and Tishrin Military Hospital ($14.2m at 2 per cent). In 1978 the same fund signed a *$14.9m loan agreement* for a submarine cable from Tartous to Crete and $14.6m for the Damascus air terminal.

In 1976, $101m was allocated from UAE sources including the Abu Dhabi Fund for Arab Economic Development for a series of projects, including finance for three sugar plants (at Rakka, Meskaneh and Ghab); a paper mill at Deir el Zorr, and a new hotel in Damascus (not yet built).

In the same year the Arab fund for Economic and Social Development allocated $41.5m to improve the Damascus water supply. The Kuwait Fund for Arab Economic Development has allocated $12.2m for the Palmyra-Deir el Zorr section of the Eastern Desert Road, though work has not yet begun.

Many of these loans have been made in conjunction with project commitments by international institutions, or Western development projects. Since it began operations in Syria in 1972 the World Bank has allocated $415m. This includes World Bank credits for highways, water supplies, irrigation, electricity, telecommunications, livestock *and education.* Total United Nations assistance, mainly through the United Nations Development Programme is more than $40m.

The U.S. is the largest Western aid giver. Since the U.S. A.I.D. programme began in 1975 the U.S. has allocated $350m to Syrian projects. The concentration is on training and development of rural infrastructure. Jordan and Syria each receive between $60m and $90m a year from U.S. A.I.D. according to the state of project implementation, making them the third and fourth recipients of U.S. A.I.D. after Israel and Egypt. American help is far larger than that of Western Europe, which has allocated less than $50m in development assistance this decade.

Most of the international effort has been directed to creating the economic foundations on which development will be built. Investment in revenue-producing projects has not had the same impetus. The Syrian government and public sector provide about 90 per cent of investment, leaving only 10 per cent to private and foreign money. Syria has been spending S£5-6bn a year on infrastructural, industrial and commercial investments for the past five years. Public sector investment in the five-year plan was set originally at S£4bn and private investment at S£9bn, this has dropped to S£3.bn and S£7bn respectively.

At the heart of the confusion which surrounds the investment climate in Syria is a contradiction between economic pragmatism and the principles of applied socialism of the ruling Baath Party. President Assad has brought in sweeping liberalisation of the economy in the past five years. He has liberalised trade and harnessed foreign earnings from Syrians abroad by permitting a "grey" market in money and goods. While maintaining an official commitment to the stringent dogma of the Baath party, he has stimulated the traditional entrepreneurial qualities of Syria's private sector.

Step

However, the private sector, which is already blessed with the most lax application of tax laws imaginable, is anxious for the next step—a formalisation of its improved status in new laws giving it protection. Diplomats say no investment laws have been repealed since the initial phase of Baathist economic legislation in 1963 and 1965. Some believe that the private sector will not expand its commitment to the economy until fresh laws are introduced. The private sector is sensitive to the sudden changes in regulations and interpretation of rules.

Recently, private contractors were outraged to learn that they were unable to bid for improvements at Damascus airport because of a rule restricting contracts above a certain (very low) value to public sector companies. The row was aggravated because the finance was coming partly from the Saudi fund for development. Once the details were published in the foreign Press the rules were amended to permit private bids in foreign-financed projects.

New decrees and regulations have been steadily added to the mass of legislation covering investment. Interpretation depends on the political mood—and this is the cause of the uncertainty. For example, last December the authorities rounded up the illegal money changers, then released them after apparently deducting a proportion of their hard currency gains—a cross between a fine and taxation.

Foreign investment has barely materialised. The Kuwait Real Estate Investment Consortium is pulling out of Syria after a dispute with the government. The Syrian-Saudi company for Industrial and Agricultural Investment has set up an office. There are foreign investments in two hotel pro*jects and a Spanish stake in a* joint venture tractor assembly plant at Aleppo.

Arab capital obtained the benefit of an investment protection law in 1975 but this encouraged private Saudi Arabian and Kuwaiti property and land purchases rather than productive investment. Other foreign investments should be covered by bilateral agreements negotiated individually by certain foreign governments.

Switzerland, France, West Germany and Italy have signed bilateral agreements. These protect the would-be foreign investors if they enter joint ventures with the Syrian public sector but Syrian unwillingness to put up risk capital has made these agreements rather academic.

No better example exists of the conflict between the administration's desire to liberalise with the need to avoid confrontation with the economic dogmatists of the Baath party than the free zones. Such is the stress placed on freedom of *action for companies operating* in the zones that officials seem to regard the absence of data and facts about operations with a sense of pride.

The General Establishment for Free Zones (set up in 1971 but given a boost last year by new decrees) is in charge of six free zones. Since the impetus given to the operation last year permission has been given for 40 factories or warehouses to be built. The authorities claim that 20 factories are in operation but will not name them, or give details of numbers employed, or the products made. The main impetus is actually to commercial and financial operations and warehousing for re-export. There is a joint Syrian-Jordanian-owned free zone under construction at Deraa on the border of the two countries, specifically for industrial activity.

Dr. Taha Bali, president of the board of the free zones authority, stressed that the government involves itself so little with companies operating in the free zone that it was natural not to know details of activities. He explained that his organisation gets rents and revenues from the tonnage of stocks passed through the system. In this way the cost of constructing the sites and providing services could be paid for. The indirect benefits come from wages paid to Syrians.

Michael Tingay

Infrastructure

CONTINUED FROM PREVIOUS PAGE

The dimension of the information problem in Syria cannot be overstressed. Different ministries often have adequate knowledge of basic data in their own fields but there is no central data bank. This leads to inefficiency and gross waste of resources. Ministries have embarked on expensive schemes which conflict with work by other departments and sometimes with projects financed by foreign aid.

But the intrusion of ideological planning in the economy leads to decisions like one, quoted by diplomats, where sugar beet processing factories were built before a successful beet-growing industry had been established. Four were built but only one is in operation. Other cases are cited where two organisations are developing separate projects based on a single indivisible resource, each with no knowledge of the other's activity.

Syria has been skilful in attracting foreign assistance to lay down the foundations of the economy. In the 1960s the Soviet Union provided loans and development assistance. The biggest project was the $400m Euphrates Dam which was completed in 1975. This provides the basis for the national electricity grid. The East Germans have been helping to build the transmission system, now the weakest link in the chain of power supplies.

Assistance from the Soviet Union and Eastern Europe began to tail *off* in money terms when the dam was completed. The big Russian effort now is with the railways. Other East European help is of a rather more commercial nature (Bulgaria for irrigation and Yugoslavia for port development).

During the 1970s Syria has received huge sums in aid and soft loans from Saudi Arabia and oil-producing states. The U.S. concentrates on a few infrastructural projects such as improving the road network and water supply, especially in rural areas.

Telecommunications improvements await the results of Syrian efforts to buy a French all-numerical exchange system. Phone and telex links from Damascus abroad are good compared with some other Middle Eastern countries, though they are poor within Syria. The World Bank allocated $28m for improving the phone network in a 1976 agreement.

Syria is spending almost one quarter of public sector investments on infrastructure. In the five-year plan more than 10 per cent of investments are directed towards electricity and water supplies, and more than 12 per cent goes to transport and communications.

Electricity generation and distribution have the highest *allocation (S£1,554m) followed* by railways (S£848m); harbours (S£684m); roads (S£602m); water supply and distribution (S£610m); and the phone system (S£302m).

M.T.

Agriculture still a cornerstone

SYRIA'S ROLE 2,000 years ago as the granary of the Roman empire gave a strategic importance to agriculture that remans close to the hearts of the rulers today.

Agricultural performance in recent years has been erratic, due to the heavy dependance on rainfall, the natural disruptions that come with implementing an extensive land reform programme, caution about investment by the private sector and a relative lack of management experience on the part of government personnel. Weak services and credit bottlenecks have also contributed their share to an inconsistent performance by the agriculture sector.

Nevertheless, agriculture remains the cornerstone of economic development policies in Syria.

The current five-year development plan expects the agriculture sector to grow at an average annual rate of 8 per cent, compared to only 5 per cent in the last plan. But the share of agriculture in real GDP is expected to decline to 14 per cent at the end of the plan period in 1980, from 71 per cent in 1977. This would represent a continuing decline from 1970, when agriculture represented 21 per cent of the real GDP.

The goal of Syrian agricultural plans remains the potential for self-sufficiency in several foodstuffs, notably grains, sugar, poultry and some fruits and vegetables, which means export-oriented industrial crops as cotton gradually will be overtaken in importance by wheat, barley and sugarbeets.

The single most important project in the agricultural sector is the massive scheme to irrigate ultimately 640,000 hectares of land in the Euphrates Basin (discussed in detail in another article in this survey) which is regarded as a long-term project to be implemented in the next 30 years.

Balance

Parallel with the move to increase irrigated areas are efforts to intensify the use of lands already under cultivation and a striving for more balance between the animal and vegetable sectors.

Investments in agriculture during the current plan period are set at S$13bn, or 23 per cent of total investments, most of which is going into the Euphrates irrigation scheme.

All the targets of he five-year plan are unlikely to be achieved within the scale that has been set (1976-1980), but they do indicate Syria's vast potential for agriculture that is realisable within the coming decade or two. The plan is targets themselves include increasing cereals production from 2.2m tons in 1975 to 3.388m tons in 1980; sugar beets from 198,000 to 2m tons; potatoes from 144,000 to 395,000 tons; green fodder from 371,000 to 7.9m tons; fruit tree crops from 675,000 to 1.13m tons; and tomatoes from 363,000 to 475,000 tons.

Egg production is expected to rise from 513m to 2.15bn eggs by 1980; milk production from 439,000 tons to 1.24m tons; and meat production from 118,000 to 291,000 tons. Fruit tree acreage of 10,686 hectares in 1975 is expected to rise to 35,445 hectares by 1980.

Set against this series of very realisable production targets is the haphazard agricultural performance of Syria in the past decade. For one thing, the actual area of cultivated land has dropped slightly since the start of the decade. In 1971, according to the Government's statistics, there were 5.9m hectares of cultivated land, while in 1977 there were 5.5m hectares.

The amount of irrigated land has fluctuated in both directions. The 474,000 irrigated hectares of Syrian land in 1971 increased to 625,000 in 1972 and dropped back down to 531,000 in 1977 — the drop being due partly to urbanisation and loss of the lands submerged under the Euphrates dam reservoir known as Lake Assad.

Droughts

Most of the ups and downs of Syrian farming are due to vagaries in rainfall, which the current emphasis on irrigated farming will gradually dissipate. Bad droughts in 1970, 1973 and 1977 resulted in lower than average output, and, combined with reduced acreage for some crops such as tobacco, wheat and barley, give Syrian agriculture a weak performance as measured by scanning the annual statistics.

These show, for example, that wheat production in 1977 was the worst for four years, as was the case with barley. Production of eggs and milk also dropped in 1977 over the previous year, and the value of vegetable production, measured in constant 1963 prices, rose only 9 per cent in the four years from 1974 to 1977 (from S$1.466bn to S$1.608bn).

In 1977, Syria produced 1,217m tons of wheat, 337,000 tons of barley, 117,000 tons of lentils, 454,000 tons of tomatoes, 273,000 tons of sugar beet, 175,000 tons of olives, 647,000 tons of milk, and 672m eggs, to name only the most important items.

It remained, however, a large net importer of agricultural products. It imported S£1.165bn-worth of foodstuffs in 1977, and exported only S£143m (with another S£836m of cotton exports), giving a net deficit in agricultural foodstuffs of S£1.022bn.

Some of the imported foodstuffs, such as fruit, vegetables and sugar, will be produced locally in sufficient amounts to meet domestic demand as new irrigation projects start in the coming few years, both in the Euphrates area and in the two other big irrigation schemes covering an additional 22,000 hectares around the Orontes and Khabur rivers, in the north-western and north-eastern parts of Syria respectively.

A system of classifying land into five different kinds based on the amount of average annual rainfall will also maximise the productive capacity of the rain-fed sector. Wheat, for example, is being withdrawn from marginal areas and planted in regions where mean rainfall is more than 350 mm—a move which has already shown good results by keeping production above 1.2m tons in 1977. Wheat, fruit and vegetables are now being given the best rain-fed lands, with barley and lentils taking over former wheat-growing areas.

The need to grow vast new quantities of sugar beet to supply four new sugar plants involves cotton-growing areas being taken over by sugar beet.

A parallel effort, which has already shown success, involves reducing the area of fallow land to make maximum use of cultivable earth. Farmers are being encouraged to grow leguminous fodder on land they used to leave fallow, which is proving particularly feasible in those regions of the country where the average annual rainfall exceeds 350 mm.

The interplay between private and public sector interests remains finely tuned in Syrian agriculture. While the vast majority of agricultural lands are privately owned, the marketing of produce is in state hands, and the state is responsible for an annual plan which determines what types and quantities of crops will be grown by each farmer.

The state also licences all aspects of the agricultural sector, such as drilling of water wells, as it controls the provision of equipment and services such as tractors and machinery, fertilisers and insecticides—and, of course, credit.

The Ministry of Agriculture licenses all farmers and certifies that their land use is consistent with annual production targets, although farmers with less than two hectares or those cultivating rain-fed land with an annual rainfall of under 250mm are exempt from such regulation.

The state also makes a commitment to buy all output at a price that is set before the growing season starts. The rising posted prices for farm produce serve several purposes, among which are incentives to meet agricultural targets, stabilisation and distribution of incomes, and the raising of farm incomes to encourage rural workers to stay where they are instead of joining the exodus to the cities.

While the state plays the dominant role in directing farmers in the kinds of crops they should produce, as well as providing required infrastructural and technical facilities, the land itself is owned by the farmers, which gives them the incentive to work it to its maximum productivity. A system of bonuses for early deliveries of crops further encourages the farmers' initiative.

Recognition

Statistics for 1977 show that about 98 per cent of the cultivable area of 5.864m hectares was owned by private farmers. A full 76 per cent of Syrian land was worked by private families; 22 per cent was grouped into privately owned co-operatives; and only 2 per cent of the cultivable land was owned and operated by the state, an obvious political recognition of the fact that private farming tends to be more efficient than state-owned agriculture. In 1977, there were 3,432 co-operatives with a total of 267,265 members.

Livestock is receiving substantial new investment in the form of poultry complexes, cattle-breeding stations, artificial insemination facilities and veterinary centres. A $17.5m World Bank project is under way to strengthen this sector by providing money for farmers to buy feed and by upgrading veterinary facilities in the field.

From 3.5m head in 1952, the sheep population of Syria has grown steadily to reach more than 8m this year. There are 750,000 cattle, 2m goats and more than 5m laying chickens. The livestock sector accounts for about 35 per cent of total agricultural output, and its share will remain high as new projects begin.

In fact, there are now some fears that the rapid increase in the country's livestock may aggravate the encroachment by the desert because uncontrolled grazing in the eastern part of the country, coupled with only rudimentary range management, is wiping out the vegetation there.

After exporting barley for many years, Syria is now a net importer of animal feedstuffs, and likely to remain so for many years. The lack of feed has replaced lack of credit as the main obstacle facing the livestock sector.

There is also a problem of inadequate storage capacity for the imported feed that is now entering the country in large quantities, though this will be resolved shortly with the construction of silos, as well as by converting some wheat silos to store animal feedstuffs.

Another way in which agriculture embodies the interplay between private and public sector forces in Syria is the willingness, perhaps even enthusiasm, of the government to establish joint venture farming projects and agro-industries with private foreign capital. According to officials of the Planning and Agriculture ministries, foreign investors may own up to 100 per cent of the capital of new projects in the tourism and agriculture sectors, with guarantees on the full repatriation of profits.

While detailed discusions have been and are still being held with several Western companies about starting up new farming projects on a joint venture basis, actual implementation appears to be slow. One new company with private Saudi Arabian investors has been established, and it is likely that more such arrangements with other Arab interests may materialise before a big deal is agreed upon with Western investors, who have been slow to investigate opportunities in Syria, in part because of the country's image as being anti-private capital.

Vast

It is widely anticipated among private sector circles in Damascus that precisely such joint ventures with foreign partners will be required to work the vast new areas of irrigated farmland that will become available in the next two or three decades.

One big question that seems to hang over the agricultural sector, however, is future land ownershsip policy. It is clearly impossible to find enough farmers to run the hundreds of thousands of new hectares of irrigated land on the basis of each farmer owning and operating a small farm, as is now the case in the wake of the land reform programme of the past two decades. Land redistribution has resulted in a situation where 93 per cent of farm plots are between one and 25 hectares in size, and 50 per cent of all farms are less than seven hectares.

With about half the Syrian population already directly or indirectly employed by the agriculture sector, the future trend is likely to be towards more capital-intensive mechanised farming on larger farms, requiring fewer workers. It is one of the current plan's priorities to encourage the development of co-operatives, whose members more than doubled between 1975 and 1977.

Rami G. Khouri

Planners assess their performance

SYRIA HAS the essential basic ingredients for a well-balanced economy. They include: plenty of manpower and water, vast agricultural lands, a growing industrial base, untapped mineral resources, enough oil to supply the country's own energy requirements, exportable commodities such as cotton, phosphates and oil, a tradition of skilled trading, and a private sector of great but only slightly tapped potential.

In the past 20 years or so, the ups and downs of internal and regional political developments have restricted Syria's ability to address itself coherently to its socio-economic possibilities, and it has been in only the past five years or so that Syria's planners have had the chance to assess their own performance during this decade and evolve new development strategies based on their accumulated experience and mistakes. This has been in part due to the stability that has been brought to Syria under the regime of President Assad.

It has also been in part due to regional circumstances, such as the vast influx of Arab financial aid that followed the 1973 Middle East war, an influx that allowed Syrian planners to go down on a spending spree that has taught them a great deal about the most efficient and productive manner of boosting the country's development.

The result has been that the current five-year plan ending in 1980 represents probably the first serious attempt in modern Syria to produce and implement a development plan whose progress is tied to the year-to-year factors that influence the Syrian economy, such as aid flows, the inflation rate and the general level of productivity in industrial and other plants.

The current plan is also far bigger than anything previously attempted. The first and second five-year plans, between 1960 and 1970 incorporated investment targets of S£2.7bn and S£3.7bn respectively, and they averaged an execution rate of 65 per cent.

The third plan, from 1970 to 1975 aimed to invest S£8bn but ended by spending closer to S£10bn after the inflow of Arab aid in 1974-75. Nevertheless 40 per cent of the plan's projects had to be carried over into the fourth, and current five-year plan.

Target

Initially written up with an investment target of S£70bn, the current plan was scaled down to S£54bn, of which S£27bn covered projects carried over from the previous plan. S£17.6bn covered new public sector projects and S£9.4bn represented private sector investments.

The current plan aims for a real annual average GDP growth rate of 12 per cent. This is to distribute economic projects evenly throughout the country with an eye to speeding up rural socio-economic development; to achieve self-sufficiency in foodstuffs, clothing and energy; to develop the domestic and regional communications infrastructure; to curb inflation over the five-year period to 30 per cent; and to achieve a greater reliance on domestic financial resources through an improved tax system.

The GDP is expected to increase from S£19bn to S£33.5bn in 1980 at 1975 prices. The building and construction sector aims at an annual growth of 16 per cent, followed by industry, mining and energy at 15.4 per cent., and agriculture at 8 per cent., to cover the main productive sectors. Other sectoral growth targets are 16.4 per cent a year for transport and communications and 11.2 per cent for services.

The post-1973 influx of Arab aid allowed the Syrians to spend on a crash programme of industrialisation. In many cases, projects were inadequately planned and have been starting up without sufficient manpower or managerial support. Therefore, a great deal of Syria's industrial sector is running at far below its productive capacity.

The planners have realised that poor management is holding back Syria's development potential, and several different approaches are now being made to rectify this underlying weakness. The role of the country's renowned private sector, with its entrepreneurial prowess, appears to be receiving some stimulus from the Government.

Dr. Georges Horanieh, the Planning Minister, says: "The private sector is part of our richness," while other senior officials are even more forthright, saying that "the state's managerial expertise is at an infant stage."

Dr. Horanieh told the Financial Times that the Government wants to accelerate the participation of the private sector in development investments through the establishment of mixed companies with public and private sector shareholdings, including foreign interests as well as Syrian.

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Euphrates project needs decisions

WHEN THE massive Euphrates Dam project is completed, it will more than double the irrigated farmland of Syria, and will emerge as the focal point of agricultural industries that will go most of the way towards making Syria self-sufficient in food.

The Euphrates scheme aims to bring under irrigation 640,000 hectares of land, which compares to the current irrigated land area of 531,000 hectares, and it is the single most important project in the current five-year plan.

It takes up S£7.5bn out of the S£13bn being invested in agriculture during the plan period ending next year.

The dam structure itself was completed several years ago, and officially inaugurated by President Assad on March 18 last year. But the entire project is behind schedule because important decisions have not yet been made on how to resolve some relatively simple technical problems and on more philosophical points such as land ownership.

The longer these critical decisions are delayed, the longer will be delayed the fruits of what remains a sound and impressive undertaking.

The project's twin aims are to provide electricity generating capacity of 800MW and to harness the waters of the Euphrates River to irrigate 640,000 hectares, with all the new social development services that this implies. These include the establishment of new cities and towns and the provision of health, educational, communications and other social services to a rural area that should provide a new pole of socio-economic activity to help redress the growing urbanisation of the country.

The earth-fill dam itself, a visual attraction in its own right, took ten years to build at a cost of about $400m, provided mostly in soft loans from the Soviet Union. It is 4½ km long, 60 metres high and half a kilometre wide at its base. The reservoir behind it, called Lake Assad, is 80 km long and eight km wide on average, with a capacity of 41m cubic metres of water.

Part of the dam project is a power generating system with eight turbines providing 100MW of power each, of which six are already operating. Their combined power meets most of Syria's present electricity consumption, allowing existing thermal power stations to be switched on only during peak consumption times.

The Euphrates Dam: built with soft loans from the Soviet Union

Stored

In the coming years, however, the dam's power will be required to run the pumping systems by which the stored water will be lifted from Lake Assad on to the newly-irrigated land, most of which is higher than the reservoir. Eventually, only about 10 per cent of the dam's power will feed into the national grid.

The irrigation projects are divided into six areas, which are at different stages of development. The first is the Balikh Basin, where most of the pilot farm schemes have been undertaken in the past four years. Balikh covers 185,000 hectares, with the most extensive work under way in 9,000 hectares of the pilot project being run by a Syrian state-owned company. Balikh also includes a dairy cattle project and 13 new villages housing about 40,000 people.

A second pilot project covering 17,000 hectares is also being run by a Syrian public sector company, while the remaining area has been divided into seven sections of which two are being studied by Bulgarian experts.

The second area to be brought under cultivation will be Meskene, with its 155,000 hectares divided into three sections. The Meskene West section (107,000 hectares) is being developed by the Soviet Union, with a plot of 7,000 hectares expected to be cultivated this summer, as soon as the pumping facilities are finished.

The Meskene East section (25,000 hectares) is being developed by a Japanese company, Nipon Koy, whose studies will be completed this winter, so that area will require at least three years to commence. The third section is a government pilot farm with 2,000 hectares under cultivation.

The third area is Ressafe, whose 25,000 hectares are being studied by a Bulgarian team.

The fourth area is the Euphrates Valley, divided into the Middle Euphrates Valley with its 27,000 hectares now being developed by the Romanian company Romagrimex, and the Lower Euphrates Valley with its 180,000 hectares being studied by French experts. The lower Euphrates region appears to require extensive leaching to get rid of salt before the land can be properly worked.

The fifth area is the Lower Khabur Basin region, now being studied by a Bulgarian company, which covers 40,000 hectares. And the sixth area is the Mayadin Plain (also 40,000 hectares), which has not yet been examined in detail, and probably will be the last area to be developed.

The total project anticipates 21,000 kilometres of main and secondary canals and several hundred kilometres of new roads, along with all ancillary social services for the tens of thousands of people that will be required to run the farms.

One of the unknowns about the entire Euphrates development scheme is how many farmers will be needed, because it is still not decided what kinds of farms will be established—whether small privately-owned plots or large state-owned operations.

If the entire area is to be mechanised, then relatively few farmers can operate the farms. If the pattern is to be for smaller farms that are privately owned and operated, then many more people will be required. The Government says it can attract people to the Euphrates area because of the incentives of owning land and making a higher income than the average Syrian farmer elsewhere in the country.

The land already being worked in the Euphrates basin is state-owned farmland, where the farmers lack the incentive to produce at top efficiency. With the Meskene West area ready to be cultivated this summer, a top-level decision on what kind of land ownership policies will prevail in the Euphrates area is urgently needed.

Incentives

The vast majority of Syrian farmlands are privately owned—tacit expression of the state's appreciation that private ownership provides the incentives to work better that are usually lacking in state farms. It is likely, though not certain, that private ownership will play a large part in the Euphrates region, probably through a process of greater collectivisation which makes for easier mechanisation and therefore more efficient and productive farming.

Then there are the problems of salinity and gypsum, both of which have been known of for several years, but neither of which has been decisively tackled. The gypsum in the soil dissolves when the land is watered, making the soil unstable and leading to cracking in the irrigation canals, as has happened a number of times. The problem is easily and quickly solved by lining the canals so that no water seeps into the soil underneath them.

There are several proven liners that can be used, but once again a top-level decision on which solution to adopt has still not been taken, delaying work on the entire Euphrates project. In fact, many regions still have not had a thorough soil analysis to determine exactly where the high gypsum areas are.

The problem of salinity also has an easy technical solution, which is leaching the soil and setting up proper drainage systems.

The cost of developing the Euphrates area has increased rapidly during the past decade. According to commercial sources working with the project, a hectare of land now costs about $10,000 to be developed fully.

Pilot projects have shown already that most crops, except perhaps rice, are well suited for growing in the area. Fruit trees have done extremely well, as have trees in general. Other crops that have grown well are wheat, barley, beans, sugar beet, cotton and alfalfa. The success of these pilot projects reaffirms the fundamental validity of the entire Euphrates project.

The general aim is to develop about 25,000-30,000 hectares of land every year after an initial 70,000 hectares are cultivated by the end of next year, meaning that the entire project will require perhaps 40 years to complete. Given the challenges of bringing in the farmers for this kind of project, such a time scale for the Euphrates scheme appears realistic.

There is also a strong likelihood of private capital and expertise coming into the Euphrates project: in the form of joint ventures with the Syrian government, or in mixed operations in which public and private-sector Syrian interests join foreign companies. Western companies have been holding talks to this effect, though no firm deals have been agreed upon to date.

The technical problems now delaying the Euphrates dam project are relatively simple ones, with known and proven solutions. The bottleneck appears to be in the managerial and decision-making process, which slows down those vital technical decisions.

Rami G. Khouri

Planners

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Two mixed companies in the tourism sector are already established, and three mixed companies are also established with other Arab interests. Talks are also being held now with West German and Italian investors on setting up industrial plants to produce mixers and dumpers, as well as shipping companies.

Dr. Horanieh also says banking interest rates may be raised to encourage the channelling of private savings into productive investments via the state-owned commercial banking system. A third approach already being implemented is to invite international management consultants to study state-owned companies to advise how their productivity can be improved.

After the free-spending period of 1974-76 when real GDP grew at an average annual rate of 13 per cent, the past two years have seen the annual growth rate drop back to around 6 per cent. This has been due to severe measures to stem inflation to adjust to the dislocations caused by the Lebanese war and redress the growing balance of payments deficit.

In the development planning approach, this has been reflected in what Dr. Horanieh calls "a stabilisation of government expenditures."

The investment budget of S£10bn of 1970 has risen only to S£11.6bn this year, and will be about the same level next year, reflecting the current strategy of holding steady annual expenditures after calculating for a 6 per cent growth in the non-defence budget to cover salary increases. This stabilisation of fiscal policy, coupled with a slowdown in commercial bank credits, has successfully brought inflation under control, to where it now appears to be in the range of 8 to 10 per cent.

Respond

This desire to respond to short-term pressures such as inflation means longer-term development targets may have to be adjusted along the way.

One way of doing this, in the Syrian view, is to label a certain percentage of the five-year plan's projects as "reserve" projects, to be implemented only if the financial and human resources are available. In the current plan, S$6.5bn of the S$54bn in investments are for reserve projects.

According to the Planning Minister, all the projects in the current plan have been contracted for implementation, and some reserve projects will be implemented in the coming 18 months. What this appears to mean is that all the plan projects will enter the execution stage during the plan period, but they will not necessarily all be producing.

Measured by expenditures, the current plan will probably achieve full implementation, but if measured by output, it probably will fall short. In view of the past 20 years of development planning though, this plan's performance must be given high marks.

Work has already begun on formulating the next plan, covering 1980-85. Sectoral surveys of agriculture, transport, industry and health are already under way, and are designed to allow the next plan to relate to Syria's development strategy up to the year 2000.

Overall emphasis will continue to be put on agriculture and agro-industries as the focal point of the strategy to speed up rural development to stem the urbanisation process that worries Syria as it worries most Third World countries. Minerals will also receive greater attention in the coming decade, as will manpower planning.

The shortages of skilled workers that have slowed down some development plans are being tackled by an acceleration of the programme for technical training institutes, on the theory that it is more productive in the long run to increase the supply of skilled workers than to restrict the outflow of workers—though some highly-skilled workers are not allowed to leave Syria without permission to reduce their emigration to higher-paying jobs in the Gulf's oil-producing states.

The stabilisation of expenditures of the past two years has allowed Syria to achieve near full implementation of its plan projects, though many new factories are running far below capacity, as much as 50 per cent below according to some international studies. Syrian officials realise this, and there are clear signs that a short-term priority is to work with the productive capacity that already exists, before building any new plants.

The planning effort of the past nine years should bear fruit in the next few years in a remarkable way, given the entry into the market of many large industrial plants, the anticipated increase in irrigated farmland and the sharp rise in livestocking, compared with a general improvement in the transport infrastructure. If Syria's management problems can be tackled aggressively, which may start to happen in the coming year or two, its development planning drive will show handsome results, given the underlying strength of the economy and its varied resources.

If the management problems are not resolved, however, Syria's productive capacity will remain far below its potential.

R.G.K.

Search goes on for more oil and gas

SYRIA'S CRUDE oil production has stabilised at between 9m and 10m tons a year for the fourth year in a row, as attention is now being paid to finding more reserves of crude and harnessing known associated gas reserves.

According to Mr. Issa Darwish, the Petroleum Minister, last year's production of just over 9m tonnes will be maintained this year, with significant production increases only anticipated following an increase in proven reserves.

These now stand at about 300m tons, while indicated reserves are 1,300m tons, but it is Syria's policy to maintain the current production level, to stretch out its reserves for as many years as possible. Therefore, last year's output of just over 9m tons is even lower than the 1975 figure of 9.57m and output is likely to remain at this level until current exploration efforts show firm results.

The dominant trend in Syria's oil industry today is the awarding of more service contracts for foreign, and so far Western, oil companies to undertake oil and natural gas exploration throughout the country. After the American oil group Tripco dropped its offshore concession in early 1976, only Rompetrol of Romania and the State-owned Syrian Petroleum Company were carrying out exploration work, *in six different areas.*

Last year, however, two American companies took up a total of 35,000 sq km in two adjacent blocks in north-central Syria which they are now exploring by geophysical surveys. The two companies are the Shell subsidiary Pecten Syria, and the Syrian American Oil Company (Samoco) which is 60 per cent. owned by Coastal States Gas Company of the U.S. They will spend a total of about $20m - on exploration work within the coming three years.

Samoco plans to sink its first test well in April, with Pecten planning to follow in July—with wells between 10,000 and 15,000 ft deep required to determine the presence of oil. So it will not be before late this year that Syrian oil officials will have a better idea of the prospects of increasing their reserves and therefore their production or exports. If reserves are increased production will then rise accordingly, Mr. Darwish told the Financial Times in Damascus *last month.*

Rompetrol continues to explore its own 11,000 sq km block in the main oil-producing region on the north-east, west of Hasaka, and its drillings have located small quantities of a relatively light variety crude (38°-40° API).

The outlook now, though, is for several more Western oil companies to join the exploration work. Challenger Oil Company of Canada has been awarded a concession of 17,000 sq km south of Palmyra, directly south of the two blocks being explored by the Americans. It is committed to spending $14m on its exploration work in the next eight years, Mr. Darwish said.

Further negotiations are being held with the American oil companies Mobil and Marathon, with the Marathon negotiations nearly finalised. Indian and Swedish companies looked into Syrian offers to explore in both onshore and offshore areas, but declined to join in, while the French Elf-*Erap oil company* wanted a block that was given to one of the American companies.

In all these service contracts, if oil is discovered in commercial quantities the state will take 10 per cent of production and the remaining 90 per cent will be divided with about 75-80 per cent to the state and 20-25 per cent to the companies, according to the Minister.

Several more blocks are available for exploration by international companies, who have shown a greater interest in working in Syria since the terms of exploration service contracts were improved under the post-August, 1976, Ministry of Mr. Darwish. Areas in south-*central Syria and the offshore* Mediterranean coast remain to be awarded.

As the search for new oil continues, there are encouraging developments on the transport and refining side. The 6m tons-per-year Banias refinery begins production this autumn, behind schedule owing to delays on the part of the contractors, Industrialexport of Romania, according to Syrian officials.

This will join the existing refinery at Homs, which has a capacity of 5.2m tons a year, and the operation of both refineries will allow Syria to cover all its domestic requirements of refined products except for some quantities of diesel fuel which will still have *to be imported.*

Domestic production of refined products rose to 3.6m tons in 1977, all of which, of course, took place at Homs. Both the Homs and Banias refineries are now geared to process a 50-50 mix of Syrian and imported oil, which is now coming from Iraq once again *after being cut off for two years* during an Iraqi-Syrian disagreement over payment rates for Iraqi oil passing through Syria for export via the Mediterranean port of Tartous.

At least 10m tons of Iraqi *oil will pass* through *Syria this* year, according to officials, though Syrian revenues from transit fees will be less than the 42 cents per barrel charged previously. Syria now will receive about the same amount *that Iraq pays to send its oil* for export through Turkey, or about 35 cents per barrel, according to the Syrian officials.

Capacity

Apart from the Iraqi oil in transit Syria will buy 3m to 3.5m tons of Iraqi crude a year for use in its two refineries. The increased refining capacity plus larger imports to blend with the heavy Syrian crude, will enable Syria to meet most domestic demand for refined products. It will also mean continued stagnation or even a drop in Syria's crude oil exports in the coming years, unless large new reserves are found.

Exports during 1977 and 1978 *held steady at about 7m tons,* 90 per cent of which went to Western Europe, after dropping from the all-time high of 9.66m tons of exported crude in 1976.

Oil overtook cotton in 1974 as Syria's single largest export item in terms of revenues: it brought in S£2,436m in 1977, or 58 per cent of all export earnings, compared to cotton's 20 per cent share.

This represents a reversal of *the situation in 1973, when* cotton exports worth S£448m accounted for 33 per cent of total exports, and oil exports accounted for only 21 per cent.

The continuing rise in domestic demand for oil products will *mean the 1977 domestic require*ment for 112,000 barrels per day will more than double by 1985, to an anticipated 256,000 barrels. This means that present production averaging 190,000 barrels a day will have to be supplemented soon by increased output from the new reserves that are anticipated to be uncovered by the current exploration programme.

The decline in exports will probably mean that Syria will want to export enough of its heavy crude oil to balance the several million tons a year of lighter Iraqi crude it imports to feed its refineries. But with the rise in world crude oil prices, this also means that Syria can anticipate maintaining a rough balance on its oil trade account.

In 1976, Syria's oil trade surplus was S£ 1.93bn, but in 1977 it fell back to a surplus of only S£ 795m. The resumption of transit fees from Iraqi crude passing through and higher export prices for its own oil will add to the credit side of the oil account, but the higher demand for Iraqi crude for Syria's own refineries and a possible drop in volume of exports will balance this out on the debit side.

Syria has just "corrected" the price of its exported oil, according to the Minister, to a level between $14.50 and $15.50 a barrel, compared to the previous price of $12.50. The increase is in line with the sharp rise in spot prices for the internationally traded oil in the wake of the Iranian situation.

In general, the Syrians want to follow OPEC pricing policies, but they also want to take advantage of their geographic location in agreeing on prices with their buyers, Mr. Darwish said.

Exploitation of natural gas and associated gas reserves remains in its initial stages in Syria. Proven reserves of natural and associated gas are estimated at 700bn cu ft, though Romanian studies indicate the Jubaissa field itself may have reserves of up to 1,500bn cu ft of natural gas and another 115bn cu ft of associated gas, or more than double the estimated reserves for all other fields in the country.

Japanese companies have been carrying out an initial recovery programme for associated gas at three oil fields in the north-eastern oil-producing region, covering a total of 4,336m cu ft per year of gas.

The newest gas exploitation project, however, is a S£ 200m *project* to build an LPG plant at Rumeilan with an annual output of 58,000 tons of liquefied gas, which will be transported by tanker trucks for use throughout northern Syria. Industrialexport of Romania is building the plant, which is now expected to begin output in early 1982, according to the Minister.

Syria's entire natural gas programme is in the beginning phase of determining reserves, and Mr. Darwish also indicates that the Syrian network for gas may be tied into the Iraqi system across the border, though this is a development that requires a top-level political decision. It indicates, however, the many variables, political and technical, that have to be kept in mind by *Syria's planners.*

Oil production remains concentrated at five fields in the far north-eastern corner of the country. The biggest field, Suwaidiyah, accounts for nearly 90 per cent of total output and, with the fields of Karatchuk, Rumeilan and Alayan, produces a heavy-quality crude of between 21°-25° API, with a sulphur content of between 3.5 and 4.5 per cent.

The Jubaissa field, with its estimated recoverable reserves of 50m tons, produces a lighter 40.2° API crude with a sulphur content of only 0.62 per cent.

An accelerated exploration programme by the State-owned *Petroleum* Company has discovered a series of small fields during the past four years, but these fields (at Juraiba, al Heul, al Salihiya, al Shaikh Sa'id, Zaraba, Mansur, Wahab, Gebebeh, Tishrin and Habari) are all either 18°-19° API or 34°-38° API.

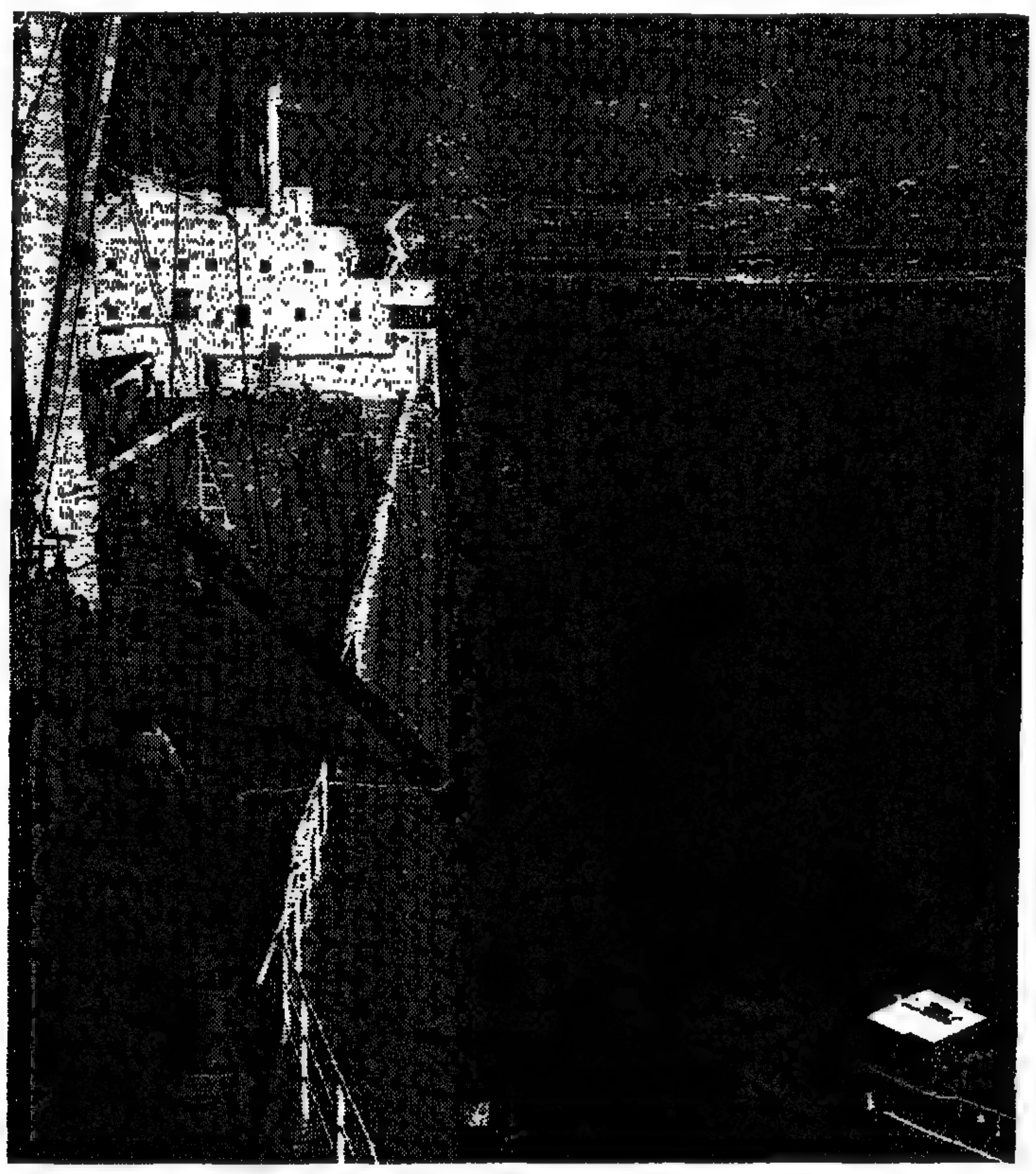
The current 1976-1980 five-year plan anticipates spending S£8bn on the energy and fuels sector. The stress is on completing the nationwide exploration effort to determine reserves of oil and gas.

To this end, the plan anticipates surveying a total of 75,000 sq km, and drilling 305,000 metres of exploratory wells and another 104,000 metres in 87 *production* wells. Other targets are to produce 52m cubic metres of crude oil, to exploit 1.5bn cubic metres of associated gas, and to reach a domestic refining capacity of 11m tons per year.

According to current performance, most but not all these targets will be reached by the end of the plan period next year.

R.G.K.

Decline in cotton exports


An oil tanker, linked by sea lines, at a terminal at Banias, Syria. A 6m-tons-per-year refinery begins production at Banias this autumn

WITH THE price of cotton on the world market steadily increasing, it would appear to make sense for a proven cotton grower such as Syria to increase its production with an eye towards greater export earnings, particularly as an increase in the country's leading export—crude oil—is now out of the question until oil reserves are increased.

Instead, the Syrians—in one of those policy decisions that foreigners, and particularly Westerners, find perplexing—have embarked on a policy of holding down cotton production *for the next five to 10 years.*

After that, or when large areas of irrigated cotton farming within the Euphrates Basin scheme become productive, production can be increased to feed the domestic textile industry as well as world demand for ginned cotton.

Production of unginned cotton has fluctuated very little during the past 10 years. In fact, last year's output of 380,000 tons compares closely to the 382,000 tons produced in 1969. In between, the highest output reached was 419,000 tons in 1972. Last year's 380,000 tons represent a drop over the previous year's output of 395,000.

Ginned cotton similarly has remained at a steady production level. Last year's crop of 145,000 tons is slightly less than the previous year's 150,000 tons, which was also slightly less than the 1976 crop of 155,000 tons.

However, these amounts have been produced on a steadily declining amount of land used for cotton farming, which is nearly entirely irrigated. After rising sharply in the early 1950s from 25,000 hectares to 250,000 in the peak year of 1971, cotton-growing land has been decreas*ing steadily. It dropped to* 206,000 hectares in 1974, to 176,000 in 1977 and again last year to 164,000.

But with the development and application of better seed varieties, yield per hectare has been rising, to last year's average of 2.3 tons per hectare, compared to 1.89 tons per hectare four years ago.

The increased yields on less acreage have allowed steady exports, but rising international prices have more than doubled the nominal cash income from exports since the early seventies.

According to the Central Bank's statistics, which cotton experts in Syria say are accurate in view of the long time lag in computation, 1977 raw cotton exports of 121,000 tons compared to 116,000 tons five years before that, but 1977 revenues of S£836m were far *above the 1972 figure of S£373m.*

With the world cotton price now up to about the 90 U.S. cents per lb mark, exports in the current 1978-79 selling year may reach S£1.1bn in value, assuming the same export volume of 121,000 tons as last season.

This situation of roughly constant output, exports and revenues is expected to remain stable for the coming few years, given the government's emphasis on increasing the output of food crops instead of industrial crops such as cotton.

In fact, the acreage given over to cotton is scheduled to decrease as another 40,000 hectares of cotton-producing land are switched over to sugar beet farming in the coming two years—as part of a crash programme to increase sugar beet production to feed four new sugar plants that have been built but do not yet have locally available sugar beet to process.

Some cotton areas have also been given over to wheat, particularly in the wetter north-west of the country, and this trend will continue as long as the government's political decisions *emphasise self-sufficiency targets* in food and animal production over the more export-oriented cotton sector.

This also means that cotton's importance in the trade balance will keep decreasing, as it has since oil overtook cotton as the number one foreign currency earner four years ago. The relative share of cotton in the country's export earnings has dropped from 39 per cent in 1969 to 33 per cent in 1973 and *20 per cent in 1977,* when revenues of S£830m from cotton exports compared to total export revenues of S£4,199bn. In 1969, cotton revenues of S£305m compared to total export revenues of S£789m.

Weaving

Most exports still go to the USSR, China, Italy and Czechoslovakia, but the net volume of cotton exports is also expected to drop gradually in the next few years as increased domestic capacity in the textile and weaving industry means more raw cotton will be consumed at home and exported in the form of finished products.

After petroleum and phosphates, textiles is Syria's third-largest manufacturing industry, and is organised into about 13 state-owned companies, with private sector operations noticeable in the weaving industry.

In 1977, Syria produced 30,300 tons of cotton and silk yarn and 42,400 tons of cotton and silk textiles, though in neither category has output increased significantly over the past five years. Production of wool and silk carpets in 1977 was 960,000 cubic metres, while the industry also turned out 2.3m dozen stockings and underwear garments.

The country's textile manufacturing industry, which employs more than 31,000 people, has 271,000 spindles and 3,750 looms. The industry is in the middle of a ten-year expansion and modernisation programme that will see nine large new projects added to existing pro*duction facilities, accounting for* an additional 432,000 spindles.

This will increase local consumption of ginned cotton output to 60 per cent from the present average of 25 per cent, adding further to the pressures *against a rise* in exports of raw cotton, but substituting for this anticipated new export market for textiles.

The future of the cotton industry in Syria remains uncertain. While the Syrians have demonstrated adroitness in the growing, handling and marketing sides of the cotton industry, several factors are working against its expansion. For one thing, the kind of cotton that has been developed and is grown in *Syria has to be hand picked,* which precludes the adoption of large-scale mechanisation.

With the delicate labour balance in the country, the strong pressures that will be felt in the agricultural labour market when the time comes to work all 640,000 hectares in the Euphrates Basin, and with the rising cost of labour in general, cotton would appear to be a crop whose dominance in Syria may be passing.

The need to use irrigated farmlands for food crops such as sugar beet also constrains the cotton sector's growth, as is indicated in the projections of the current five-year plan. These show a target of unginned cotton production in 1980 of 404,000 tons, compared to the 1975 base year output of 392,000, or an increase of only 3 per cent, while the economy as a whole is supposed to grow at an annual average rate of 12 per cent and the agriculture sector at 8 per cent.

Syria's crash programme to grow sugar beet on cotton lands probably will result in the current trend of gradually-decreas*ing* cotton output continuing, though at a slower rate than would be expected otherwise in view of the persistent increase in yields per hectare.

The prospect is for cotton-growing to remain geared to domestic requirement in the textile industry, whose outlook is bright considering that the synthetic fabric competitors with natural cotton are largely petroleum-based, and therefore increasing in cost.

Export revenues of raw cotton should gradually be replaced by the export revenues of textiles, which amounted to S£183m in 1977 on 31,400 tons of exports, though this was a decline from the 1976 income of S£261m from 35,600 tons of exported textiles.

The state-regulated system of agriculture in Syria establishes annual targets for every crop, which means the system is not well geared to adapting quickly to changing world market conditions. So while the world price of raw cotton is rising, Syria's output is dropping.

This illustrates the blend of political and economic factors that have to be constantly balanced against each other in the Syrian system. Capitalist instincts would prod one to grow more cotton in a country that has proved its ability to do so, but Syria's self-perceived political and strategic interests dictate less cotton acreage and more production of food crops.

R.G.K.

From big business with much love

BY JOHN ELLIOTT, Industrial Editor

WHEN LARGE multi-national companies like IBM or Shell launch some charitable or other well-publicised good cause, it is usually assumed that their primary intention is to show that they are aware of their responsibility to society.

Such companies are more likely to be found in capital intensive industries such as oil and chemicals than in heavy engineering. One often finds that the same names crop up irrespective of whether the good cause is, employee communications, the environment, improving contacts between Parliament and industry, experimenting with new roles for non-executive directors, or communicating with shareholders.

The names that most often appear include BP, BOC International, and ICI, as well as Shell and IBM. Depending on the issue, they will be joined by others such as Cadbury Schweppes, Marks and Spencer, Pilkington.

Now these companies and others have rallied to what most of them regard as the two most important causes they have ever taken up—to combat the growing rate of unemployment, especially among young people, and to combat the decline of inner cities.

In particular most of them have fastened on the need to halt the decline of the small businesses in Britain because they are sure that small businesses are more likely than their own large corporations to make a dent in the numbers of unemployed during the next few years. They also need small businesses as suppliers and subcontractors, and recognise the contribution they can make to innovation. The big companies have therefore been developing schemes to help the growth and development of small businesses.

A significant milestone is being reached today with the official opening of the London Enterprise Agency, which aims to provide a link between large and small businesses. The ceremony will be performed by Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who will be fulfilling what is probably his last official duty before the general election as the Cabinet Minister responsible for the Government's policies towards small business.

Assistance

Based on the London Chamber of Commerce, the agency brings together nine financial and industrial businesses which have each agreed to contribute about £20,000 a year to cover running costs. They will also provide one or two staff each on secondment when necessary and will provide other forms of assistance.

The companies involved, which have been assembled by Shell UK, are Barclays Bank, Midland Bank, the Industrial and Commercial Finance Corporation, GEC, Marks and Spencer, IBM, British Petroleum, and BOC. How much good these companies manage to do for the London area remains to be seen. Inevitably such an innovation meets with some cynicism, especially since it is sometimes the public affairs departments of the large companies that are in charge. There is also some resentment and suspicion among small firms which wonder about the motives behind such outside help and do not want to be dominated by large company largesse.

In fact the agency is the latest—and potentially the biggest—of a considerable number of voluntary and other organisations that have sprung up around the country in the past couple of years to channel large company resources into job creation work.

This development, which is backed by all the main political parties, has been given a significant push forward by Mr. Lever who has been encouraging large companies to help.

Mr. Peter Shore, Secretary for the Environment, in his campaign to revive inner cities, initiated the first step towards the creation of the London Agency last June when he invited a group of top industrialists to a dinner to discuss what could be done. Some of the companies present at the dinner had already been developing their own initiatives, and there are a surprising number of different schemes being developed.

They include, for example, local trusts set up by Pilkington in St. Helens and by companies like Shell and ICI in the North to channel help to small businesses. Other examples include the work of British Steel's subsidiary, called BSC Industry, which provides old BSC buildings and land plus managerial and other expertise in run-down steel areas.

The common idea is that, while it would usually be inappropriate for small businesses to be directly financed by a large company, they can be helped to acquire other assets and skills to make them prosper. And while most large companies say they are not prepared to undermine normal commercial practices by offering special contract terms, they are prepared to spend money helping to solve the small businessman's problems. Even a company like GKN, which says it has no positive policy or special interest in the subject, has in fact helped by selling off two of its small subsidiaries to their top executives and by providing financial aid for a supplier wanting to buy a new machine.

A survey conducted by Shell UK last year of its own practices showed that, while it did a lot of trade with small businesses (some refineries reported that 20 per cent of their supplies came from local concerns), its record of prompt payment of bills could be improved. As a result Shell managers around the country have been told to make sure bills are paid quickly and that they have facilities to deal with non-standard invoices from small suppliers.

Purchasing procedures in Shell and other companies are also being reviewed. This coincides with work being carried out jointly by the Government and the Institute of Purchasing and Supply. The Government is to publish two booklets soon. One will deal with public sector purchasing policies. The other will propose general good practices such as placing orders in quantities that small suppliers can manage and easing access to buying departments for small businesses which do not use sophisticated sales methods. The Institute has discovered that some companies have bad practices at present, especially with payment of bills.

Expert help

Large companies can also provide expert help to solve particular managerial or technical problems, either on an ad hoc basis or by seconding staff more permanently. Secondments are regarded as mutually beneficial by many large companies because they can broaden an executive's experience as well as clearing promotional log-jams and helping people into retirement. As a result, some companies have developed formal arrangements. IBM seconds one executive for every 1,000 of its employees in the UK to some sort of charitable or community work. This means it has 15 executives absent at a time at an annual cost of about £250,000 in pay and benefits.

Some small organisations of small business complain that seconded executives can often take a long time to adjust to the scale and informality of their new surroundings. They can also find it hard, and in some instances impossible, to readjust to their old companies when they return from the informal and "self help" atmosphere.

Initiatives

Of all the companies involved in these initiatives, Shell UK is probably the most organised. Its interest started after Mr. Michael Pocock, chairman of Shell Transport and Trading, had delivered the Ashridge Lecture on the subject a couple of years ago, and has been continued by Mr. John Raisman, deputy chairman of Shell UK. Shell did its internal study last year.

Now it has set up the Shell Small Business Initiative which embraces some academic research, a business competition for small businesses in the North organised with Durham Business School, and a local small business agency called Enterprise North, and a further development project founded in Durham with ICI and the Industry Department. Like other companies it is also seconding employees and is interested in letting off surplus land to small businesses. It has made available a property executive and a two-acre site on the edge of its Wandsworth oil terminal site on the Thames in south London to the London Enterprise Agency for a small business estate.

The London Agency is probably the most ambitious project developed so far and it may be copied in Birmingham, where Cadbury Schweppes may take the lead, and in Liverpool and Salford. Originally it was conceived on a grander scale possibly to cover the whole country and to embrace more companies. There was also talk of it being launched with a £1m fund for small businesses. Now it has only a £200,000 administrative budget and nine founder members. A tenth company, Tesco, is not becoming a full member because it does not believe that too much reliance should be placed on small business as the salvation for declining inner city areas or on non-fiscal measures.

The agency will have a director from the London Chamber's staff and three expert advisers seconded full-time by member companies, plus another executive from each of the member companies who will sit part-time on a managing committee. Small businessmen will either be helped by the agency's own staff or will be put in touch with experts in the large companies and with sources of finance. The agency will also have links with other public and private sector bodies and the fact that two clearing banks and the ICFC are founding members should help to ease the path to equity and loans, although those involved insist that no preferential terms will be offered.

Like all these initiatives, the London agency is aimed at the common target of creating employment and reviving slack areas of the economy. But the reasons arousing the social conscience of the companies involved around the country vary considerably. Some companies have quite precise, localised targets. British Steel, Pilkington and ICI, for example, are mainly interested in bolstering up their "company towns," whose confidence and livelihoods are threatened when they declare redundancies. So the more small firms they can encourage, the more alternative sources of employment there will be. The community on which they rely for their workforce will therefore be stronger.

Marks and Spencer has similar primary interests. It wants prosperous surroundings for its stores, which are mainly in inner cities. It also has a long-established interest in the quality and fortunes of its suppliers and, since it was founded, has had a concern for the plight of immigrants.

Banks, too, have an interest in seeing thriving businesses surrounding their inner city branches. Midlands and Barclays, along with the ICFC, are already heavily involved in financing small companies. They are anxious, therefore, to show the small businessman that they have his interests at heart—and they stress that they do not expect their involvement in the London Agency to show a net profit.

Some companies like Shell and IBM however take a broader and somewhat more detached view. Shell says it is generally concerned about the state of the country's overall economy and believes it is in its own interest to help communities to prosper, once it has fulfilled the overriding duty of running its own business profitably.

Cynics view

Cynics reply that such companies are simply trying to improve the image of multinationals. "It's all cosmetics—they are making up for the fact that they have no intention of ever setting up a research centre or large production works in the centre of cities like London. So they go out to gain the publicity by founding things like the agency," says one businessman who has been involved in some of the plans.

Shell would answer that it genuinely wants to try to help create employment in Britain but, since it operates in a capital-intensive industry and constantly has to shed labour to keep its manning levels efficient, it can only do so by helping other businesses: IBM would simply add that it has a corporate responsibility to the communities in which it operates and that, in any case, it can only function profitably in prosperous economies.

All this is hardly surprising. But some people may be more surprised to see GEC in the list of the London Agency's founders. GEC is often accused of doing more harm than good to small businesses because, it is said, it imposes tight credit terms on its customers and fails to pay its suppliers quickly, so increasing its own liquidity but putting the smaller fry at risk.

GEC denies this, although it also says that it is not really sure whether it is right for large concerns to help the smaller ones. Sir Arnold Weinstock, GEC's managing director, was highly sceptical about the whole idea at Mr. Shore's initial dinner. But he has surprised people in the past—for example, when, with a little encouragement from Mr. Lever, he helped tthe Meriden workers' co-operative two years ago. So, partly guided by his community affairs advisor, Mrs. Sarah Morrison, wife of the Conservative MP for Devizes, he has agreed to become involved, and put down the £20,000 entrance fee, because of overall concern about the serious problems of unemployment among the young.

The motives of the various companies involved do therefore vary, as will the amount of time and interest they devote to the various projects. But what the overall developments show is that large businesses have found common ground between their wish to display "social responsibility" and the country's need to tackle its economic problems. It is, as the companies themselves say, in their "enlightened self interest" to help small business in inner cities.

Letters to the Editor

Nationalisation and politics

From Mr. A. Cockerill

Sir,—Geoffrey Owen (Lombard, April 6) rightly criticises the threat to curb the British Steel Corporation's imports of coking coal for the new Redcar blast furnace. It is the latest in a long line of damaging interventions by both Labour and Conservative Governments since the Corporation was established 12 years ago. The record is appalling. By 1975 controls on steel prices had cost BSC £783m in lost revenue. A much-needed investment programme was delayed for two years following the 1970 election. It had scarcely got under way before a change of government prevented the corporation closing redundant high-cost works.

It may be that the introduction of some private capital into the industry would reduce the number of interventions in the future. If possible, joint ventures should be encouraged rather than hiving-off profitable divisions, leaving BSC's management with the demoralising task of running a rump of unprofitable assets.

But the problem of political intervention for reasons of dogma or short-term expediency would remain. A substantial state interest in the industry is inevitable for the foreseeable future unless the UK's manufacturing base is to decline still more. And government influence on the steel industry has been present whether it has been mainly in public or private hands.

The issue is not so much one of ownership as of how interventions can be contained and their damage limited. The problem is not confined to steel but extends to all nationalised industries, for many of which a partial return to the private sector may be neither possible nor desirable.

Last year's White Paper on nationalised industries proposed that Ministers should have powers to give directions to the boards of the corporations on specific issues affecting the national interest, but without a statutory obligation to pay full compensation or the need to secure Parliamentary approval in every case through the affirmative resolution procedure. No steps, however, were taken in the last session to introduce the necessary legislation.

Chairmen of some boards have expressed concern that granting powers of specific direction may result in undue pressure being to brought to bear on them by Ministers in the knowledge that reserve powers of direction exist. No doubt this risk is present but on the other hand boards would have the benefit that Ministers could be forced ultimately into making their impositions public. The boards' position would be greatly improved if full compensation were made obligatory, and ministerial accountability would be increased if each direction were made subject to the affirmative resolution procedure. So that an undue additional burden was not placed on the business of the House of Commons, the powers of the Select Committee on Nationalised Industries could be extended to allow it to examine and report on such directives as were thought appropriate.

However Government policy develops, nationalised industries will remain important components of the mixed economy. They should be allowed to formulate and implement realistic strategies within a stable political environment.

Anthony Cockerill,
Senior Lecturer in Economics,
Department of Economics,
University of Salford,
Salford, Lancs.

Spending on the NHS

From Councillor J. Gouldbourn

Sir,—No one in the National Health Service really likes questioning genuine health service costs. In consequence of over-extension of this good intention, all checks by elected accountable persons have been eliminated.

Many of your readers may not appreciate, but the echelons of NHS are not democratically controlled, and are overloaded administratively. This was a major mistake of the reorganisation of local government, and one which union power has not been slow to exploit in the interest of career structures, and numbers in employment.

The nice worthy people appointed to area health authorities try to represent consumer interests, but, having no accountability responsibilities, are easily impressed by elite concepts of excellence and economy of size theories, ignoring wider cost effectiveness considerations for the taxpayer or convenience to the patient/customer.

Nothing illustrates the failure of this approach better both in cost terms and break down of services, than the recent disruption in hospital services, caused by union power, and overcentralisation, which in many cases led to the collapse of the ambulance service and peripheral establishments, which once upon a time would have been unaffected.

No two elements contribute more to the distortion of the public sector borrowing requirement than the general Department of Health and Social Services provision, in respect of its budget practice, and indexed pensions, etc. Provision of health services in Lancashire are equivalent to an expenditure of £3 per week on every man, woman and child. Half the cost of all other services including education, social services and police. Both these items need to be speedily checked if inflation is to be abated, as also does the "Aid to the construction industry" programme, which should never have been entrusted to this Department.

J. Gouldbourn,
(Member Lancashire Area Health Authority).
6, Queen Mary Avenue,
Lytham St. Annes.

Shortages in materials

From the Financial Director, John Ford (Mechanical Services Midlands).

Sir,—I would like to bring to your attention the dilemma our industry is experiencing in respect of parts and materials.

Copper tubing is in very short supply owing to the fact that we are importing American, German and Belgian hard tube to supply our trade. If you have local government contracts there is no way you can use this hard tubing, as local authorities will only accept British Kite marked copper tubing.

Having investigated the situation regarding copper tubing, I find that a good percentage of this is being shipped abroad, mainly to the rest of Europe and the Middle East to satisfy their demand for our products. The only problem is, countries like Belgium and Germany are re-selling the same copper tubing back to merchants and contractors in this country, thereby producing an inflationary price on this commodity. This must stop as far as we are concerned, if we are to stay in business in such a competitive field.

Copper tubing is not the only commodity at shortage in the construction industry. It applies to boilers, radiators and various fittings. This problem has been going on now for a good 18 months and has been raised in the House of Commons on three separate occasions and still nothing has been done. I can only assume that it is in the Government's interest, as it has already declared that it wishes to nationalise the construction industry, which would be nothing but disaster for this country.

C. Thompson,
148, Highfield Road,
Hall Green,
Birmingham.

Civil Service pay

From Mr. C. Ryall

Sir,—There are a number of suppositions and assertions in "Holding the wrong line" (April 3) which need to be identified and examined in detail.

The first assumption is that the previously constituted pay research unit composed solely of civil servants determined their own pay and that of their colleagues and that this was shown to be biased when in 1974 a massive increase "produced an explosion of anger." The PRU set up by the Priestley Commission of 1957 has been at work since that time and the 1974 award reflected the lag existing between the civil service and its outside analogues at that time. Facts collected by the PRU do not automatically produce pre-accepted percentages but are merely the basis of subsequent negotiation to which both sides have access. The results of PRU exercises could never establish absolute parity since their application is made a good deal later than the time at which the evidence was relevant but the civil servant is a docile animal (normally) who sets great store by formulas and the lag was generally accepted as just one of those things apart from the usual murmurs of rhubarb to be heard at the annual conferences of the civil service unions. The fact that only the 1974 result produced reaction proves that the bias you suggest does not exist.

The reconstituted pay research unit of 1978 which contained outside influences has had much the same result as the 1974 exercise except that the evidence has stuck in the craw of the Cabinet which through muted channels is now yelling "change the rules," along with others wishing to make similar noises for their own reasons.

We now come to your suggestion that the comparisons made with the private sector are not comprehensive enough and that they should include such factors as job security, staff mobility and turnover of staff. How one quantifies such imponderables is not explained. The security and turnover factors are really linked. If incentives are pitched lower than one's competitors then one is stuck with what one can get on the labour market and the mounting figures of unemployment is no embarrassment to recruitment to the civil service or any other employer who for economic reasons has to accept lower standards than he would otherwise require. Before you imply that I am suggesting that the service is full of sub-standard labour let me add that there are factors to be considered and any exercise in management will bring these to your attention if you are not aware of them. I do not have the time to write a book on the subject.

Comparison with the private sector on staff mobility might surprise you and prove to have the opposite effect to that which you suggest. There are many posts which require mobility and the dispersal policy undertaken by successive Governments has affected many posts that would otherwise been considered static.

On the question of efficiency I cannot pretend that the civil service is the acme. It is patchy but, I suggest, no more than industry. Since almost every instance of inefficiency and wastefulness in the civil service is broadcast I look forward to the day when all examples are given equal coverage in the Press and other media whether they be in Government services or private industry. I look forward in particular to an examination of the national Press. I direct your attention however to another article in the same edition of the Financial Times (page 17 "Cost consciousness boosts Civil Service savings"). Perhaps if you widen your reading spectrum and rely less on the gut reaction engendered by lukewarm beer in City hostelries we may hope for more enlightened comment.

C. H. Ryall.
2 Nethan Drive,
Aveley, Essex.

Active withy workers

From Mr. W. Hunt.

Sir,—I was interested to read "Men and Matters" (April 2) wherein Mrs. Catherine Wilson, keeper of the Museum of Lincolnshire Life, stated that the skill of growing willows for basket making is fast dying out and that it is now very difficult to get supplies of willows.

I would point out that Somerset is probably one of the biggest willow growing counties in England, where several hundred acres are grown. I own nine acres and sell these as a standing crop every year. They grow to an average height of between 5 ft and 7 ft and are cut each year for basket making. If they are not cut each year they become what is known as sticks which are then used for basket frames.

I would also mention that there has been great activity in cutting willows for baskets during the last few months and they are just about finishing at the present moment. Practically all are cut by hand, with a hand-hook.

Quite a large area has been freshly planted out to willows in this district in recent years and a new basket-making business has been started within the past year or so, employing about 30 to 40 people. So, I can assure you, there is a great deal of activity in the basket-making industry in Somerset.

W. D. Hunt.
F. L. Hunt and Sons,
Langport, Somerset.

Today's Events

GENERAL

UK: Conservative Party manifesto published.

Mr. James Callaghan visits Ilford, and speaks at party meeting in Upminster.

Mr. David Steel, Liberal Party chairman, on BBC 1 "Nationwide" phone-in.

TUC economic committee meets to discuss industrial strategy, employment and technology.

Teachers' pay talks resume.

National Union of Bank Employees conference concludes, Glasgow University.

British Railways Board publishes annual report.

Mr. George Thomas, Speaker of the House of Commons, presents the British Press Awards, London.

London Chamber of Commerce conference on Libya.

Sir Kenneth Cork, Lord Mayor of London, attends lunch at Central Criminal Court, Old Bailey; dines with Woolnoth Society, Mansion House.

Overseas: EEC Trade Ministers due to initial GATT agreement.

Herr Helmut Schmidt, West German Chancellor, arrives in Santa Domingo

COMPANY RESULTS

Final dividends: Beauford Group. Boosey and Hawkes. Christies International. Horace Cory and Co. Croda International. Eagle Star Insurance Company. Empire Stores (Bradford). John Finlan. General and Commercial Investment Trust. Glynwed. Guardian Royal Exchange. Hawker Siddeley Group. Lead Industries Group. Lec Refrigeration. Stanley Miller Holdings. Owen Owen. Portals Holdings. Sanderson Kayser. William Sindall. W. H. Smith and Son (Holdings). Taylor Pallister and Co. Viking Resources Trust.

Interim dividends: Adwest Group. Bellway Holdings. Ferry Pickering Group. Kalamazoo. North Atlantic Securities Corporation. Walker and Homer.

COMPANY MEETINGS

Barclays Bank, 54, Lombard Street, EC, 2.30. British Vita, Midway Hotel, Castleton, Rochdale, 12. Gillett Bros. Discount, 65, Cornhill, EC, 12.30. Rea Bros., Winchester House 100, Old Broad Street, EC, 12. Rights and Issues Investment Trust, Dauntsey House, Frederick's Place, Old Jewry, EC, 11. Rotaflex (GB), Concord House, 241, City Road EC, 10. Robinson Bros. (Ryders Green), Stone Manor Hotel, Kidderminster, 12.15.

Burton jumps to £9.2m at midway and pays 3p

A JUMP of well over £4m in taxable profits is reported by the **Burton Group**. The company pushed up the pre-tax surplus from £4.67m to £9.24m in the half-year to February 24, 1979, on sales ahead from £78.8m to £81.2m. The interim dividend is hoisted from 0.6p to 3p net. Last year's total was 4.5p.

The midway improvement continues the recovery began last year. At the end of the 1977 financial year the group's losses stood at £5.08m but by the end the following year this had been turned round to a £6.53m profit.

And the group is forecasting that second half profits in the current year should be well above those for the corresponding period in 1978.

The company says the menswear division continued to make good progress. Burton traded well, particularly from its modernised shops, and Top Man was established as a profitable business.

The profit growth in womenswear was outstanding, and Ryman and the French division again improved their performance.

After tax of £785,000 this time and an extraordinary credit of £1.71m, against a £3.57m debit, the attributable profit jumps from £1.1m to £10.16m. The whole of extraordinary items this half is accounted for by profit on property sales. In the previous half there was a property sale profit of £339,000 and a debit on other items of £3.91m.

	1979 £000	1978 £000
Sales	81,247	78,827
Operating profit	10,335	6,339
Interest	1,100	1,669
Profit before tax	9,235	4,670
Tax	785	—
Extraord. credit	1,713	†3,574
Attributable	10,163	1,096
Dividends (1978 net of waivers)	1,116	193

† Debit.

See Lex

Freddie Mansfield

Mr. Cyril Spencer, managing director and chief executive of the Burton Group.

Record profit at B. Nathan

AS expected, results of **B. and I. Nathan**, furniture maker, for 1978 show an increase over the previous year—pre-tax profits rose 33 per cent from £363,875 to a record £483,339 on turnover of £6.78m against £6.09m.

After his interim report that orders at both factories were at a high level, Mr. Jerrold Nathan, chairman, now says that order intake during the year generally continued to exceed production and at the year-end, orders on hand were a record.

Since the year end, the group has begun to benefit from its recruitment and training programme and from plant investment. The first quarter of 1979 shows a significant increase in production and deliveries, the chairman says.

Interest for 1978 was £82,504, against £85,132. Tax charge was £59,157, compared with £129,325.

The final dividend is lifted from 2.3p per 25p share to 2.53p raising the total from 3.3p to 3.63p.

HIGHLIGHTS

Lex looks at the banking figures and early money supply indications for March and considers the implications for the new gilt edge issue this morning. On the company front **British Petroleum** has produced its annual report at a time of unusual turmoil in the oil industry. **Burton Group** has reported the expected rapid recovery in first half profits, with benefits of its new marketing tactics apparently showing through strongly. Elsewhere **Smiths Industries** has revealed a good profits rise after six months but it has not matched the exceptional performance of last year's second half. **Gill and Duffus** full year results beat its earlier forecast by some 8 per cent while **Associated Biscuits** is in line with the forecasts made when it acquired Smiths Food. Insurance broker **Minet** has come up static profits, disappointing the market which clipped the shares by 23p leaving them down to 163p.

DRG recovers in second six months

AFTER the fall from £12.55m to £9.67m in the first half, the **Dickinson Robinson Group** finished 1978 with pre-tax profits up 9 per cent from £21.87m to [illegible].

The directors say the increase was due to a recovery in the UK in the second half plus continued good performance from the overseas companies. But for the adverse effect of exchange rates, profits would have been some £1m higher.

Earnings per share are shown at 13.895p against 12.682p and the final dividend is 5.008p making a total of 7.816p compared with 7p previously.

Commenting on the results, **Mr. John S. Camm**, chairman, says the outcome should be viewed in the light of the special circumstances experienced by the UK packaging division. Industrial disputes at DRG flexible packaging and in Scotland not only disrupted operations but effects were felt into the third quarter.

Delayed delivery and installation of new plant in some units held up plans for recovery and expansion while technical problems experienced at DRG Merton Packaging proved to be more serious that at first thought. Present indications are that profit will recover during 1979.

Stationery had an excellent year and the chairman is confident of further improvement during 1979.

Paper and board results fell short of expectations, but were nevertheless better than 1977.

Tapes and adhesives produced lower profits resulting from intense competition. The office supplies businesses, Royal Sovereign and John Heath, both achieved a substantial improvement in earnings.

Overseas, results were most encouraging and recovery in Canada was particularly pleasing.

In the UK the group suffered varying degrees of disruption during January. Although some business lost will not be recovered, the overall effect will be less significant than at first thought. At present order books are good and demand is satisfactory. A good start to 1979 is also reported from all overseas operations, the chairman says.

● comment

Market estimates appear to have straddled DRG's 1978 results with a reasonable degree of accuracy so perhaps 1979 profit predictions of £27.5m-£28m pre-tax should be heard with due attention. An improvement on that scale, however, will probably owe almost everything to a recovery in the packaging division, down around £4m in 1978, and thus little or nothing to organic growth. Nevertheless, the fourfold rise in the Canadian contribution achieves a welcome level of recovery and, although DRG is still very unhappy with Canadian margins, the group is reasonably pleased with its growth prospects in a static economy. The upturn in Southern Africa, by contrast, was achieved in a developing economic climate and at the same time hopes are now pinned on further strong overall growth in stationery and office supplies. After a 7p rise to 131p yesterday the share price, on a p/e of 9.1, is beginning to realise that profits this year should be within sight of the 1974 peak. The 9½ per cent yield, however, still offers good support.

Hoover looks for improvement after cost-cutting operations

The benefits of Hoover's vigorous cost-cutting exercise should show through in improved profits this year, said Mr. M. R. Rawson, chairman.

He told the annual meeting that many of the costs of improving efficiency, productivity and profit of the household appliances group would fall this year.

The first quarter would be distorted by the costs of redundancies—already announced for its Perivale headquarters, Cambuslang and Merthyr Tydfil—of more than £[illegible]00,000.

Also during this period, the lorry drivers' strike cut supplies, and reduced efficiency and incurred additional costs.

The past year saw even more foreign manufacturers—often by predatory pricing—trying to gain a foothold in the market, said Mr. Rawson.

Hoover held its market share, but this involved considerable spending on advertising and other promotional activities.

Every single sale cost more than ever before, but because of competitive pressures the group was unable to increase prices sufficiently to offset this rise.

Unfair competition from abroad was an obstacle that was difficult to overcome.

Mr. Rawson said they had approached the Government, pointing out the severe consequences to the home industry if the situation were allowed to go unchecked. The cost-cutting exercise would continue, regardless of any Government action, he added.

BP steps up capital spending programme

AUTHORISED FUTURE capital expenditure by the British Petroleum group is estimated at £3.3bn, compared with £1.42bn, which includes some £760m (£320m) for which contracts have been placed.

Capital expenditure by the group in 1978, including the proportion of associates expenditure, reached £1.09bn compared with £795.3m in 1977. Sohio, which is included for the first time, spent £261.1m mainly on the continuing development of the Prudhoe Bay field in Alaska. In addition in 1978 the group acquired by investment, assets totalling £206.7m primarily in chemicals, against a total of only £12.3m in 1977.

The programme of capital investment and acquisitions was met by the group's cash flow from operations and a reduction in working capital principally in oil stocks. In addition the group has repaid borrowings including the final repayment of the financing arranged in 1972 to assist in the development of the Forties field.

Assets employed have increased during 1978 from £5.55bn to £8.68bn attributable almost wholly to the consolidation in 1978 of the underlying assets and liabilities of Sohio.

Income before tax in 1978 amounted to £2.22bn (£2.19bn). A current cost statement shows an adjusted income before tax of £598m (£334m), after producer Government taxes and PRT £1.36bn (£1.63bn), cost of sales £47m (£123m), depreciation £381m (£203m), less gearing £162m (£101m).

A geographical analysis of the operating result and capital expenditure shows:—UK £362m (£393m) and £394m (£307m); rest of Europe £58m (£15m loss) and £222m (£168m); Middle East and Africa £116m (£123m) and £82m (£110m); North and South America £690m (£105m) and £325m (£166m); Australasia £81m (£93m) and £62m (£44m); and international operating result £28m (£66m).

ISSUE NEWS

Gibbs Mew places some equity

A placing has been arranged for 8.5 per cent of the equity capital of Gibbs Mew and Co., a small family-controlled brewery, the shares of which are traded on the stock exchange under Rule 163 (2).

Some 235,000 shares have been sold by Gibbs family interests at 140p per share, raising £329,000 valuing the company at £3.8m. More than half the shares have been taken up by institutions with the balance going to private investors and the market.

The Gibbs family now owns 65 per cent of the capital, compared with 73 per cent previously.

The placing follows a capital reconstruction which has resulted in the creation of one single type of ordinary share to replace the previously existing ordinary and "A" ordinary shares.

Since 1972-73 Gibbs' earnings have almost quadrupled. The company estimates that pre-tax profits for the year ended March 31, 1979, increased from £607,000 to £680,000, with net earnings up from 11p to 12.3p per share on the reconstructed capital.

The dividend total for the year is expected to be 5.25p per share gross, which will be covered 3.5 times.

At the placing price the shares sell on a p/e of 11.4 while the yield is 3.75 per cent. This compares with 9.5 and 5.3 per cent respectively for the overall brewery sector.

The company says that it does not intend to apply for a full listing at the present time.

Gibbs trades principally in the Salisbury, Wilts, area but believes it has a sizeable market potential in south and south-west London. It operates through about 50 tenanted outlets, 15 managed outlets, and three off-licences.

Yearlings unchanged

The interest rate on this week's batch of Local Authority yearling bonds is unchanged at 10⅞ per cent. The stock is issued at par and is repayable on April 16, 1980.

The issues are: London Borough of Brent (£500,000), Harlow District Council (£500,000), Sefton Metropolitan Borough Council (£500,000), Dudley Metropolitan Borough Council (£750,000), City of Wakefield Metropolitan District Council (£750,000), Beverley Borough Council (£500,000), City of Lincoln (£500,000), City of Glasgow District Council (£2m), Corporation of London (£1m), Borough of Cheltenham (£500,000), Metropolitan Borough of Rotherham (£250,000), Langbaurgh Borough Council (£500,000), Borough of Eastleigh (£250,000), Ettrick and Lauderdale District Council (£250,000), Kirklees Metropolitan Borough Council (£750,000), St. Helens Metropolitan Borough Council (£500,000), London Borough of Barnet (£1m), Renfrew District Council (£1m), Borough of South Tyneside (£1m), Borough of Scunthorpe (£250,000), North Norfolk District Council (£500,000), Amber Valley District Council (£500,000) and Cheltenham Borough Council (£500,000).

The Kennet District Council has raised £250,000 through an 11⅞ coupon bond which matures October 8, 1980, while East Cambridgeshire District Council has raised £500,000 through 11⅞ bonds due on April 11, 1984. Both are issued at par.

Turnround at midway for Sidroy

A turnround from a £9,300 loss to a £21,800 surplus, after reduced interest of £23,100, against £48,200, is reported by Sidroy in the half-year to December 30, 1978.

Turnover of this ladies', infants' and children's clothing manufacturer was £1.57m, against £1.48m. In the 61 weeks to June 30, 1978, there was a £97,000 loss.

For the half year earnings per 20p share are shown at 0.8p, compared with a 1.22p loss last time. There is again no interim dividend.

Attributable profit came through at £20,500 (£33,300 loss). Comparisons have been adjusted in accordance with ED 3.

Smiths Inds. reaches £11m in mixed half year

SET AGAINST a period in which parts of the group were severely affected by industrial disputes, pre-tax profits of **Smiths Industries** emerge 45 per cent higher at £10.98m in the 26 weeks ended February 3, 1979. But the second half result is unlikely to match the exceptional £14.6m achieved in the comparable period of 1977/78, the directors state.

They explain that the first half result reflects the continuing difficuties of supplying a troubled UK motor industry but aviation has made a good recovery against a background of buoyant demand which is expected to be maintained. Trading profit of the vehicle manufacturing sector was up from £194,000 to £518,000 while the aerospace contribution jumped from £82,000 to £2.05m.

Marine operations, where trading profits fell from £638,000 to £79,000, remain depressed worldwide and although restructuring to meet market demand will continue; the directors say that there seems little chance of early recovery.

Under the heading of other industries further progress was made and profits rose from £2.5m to £3.4m. The directors point out that the results of the medical, ceramics, tubing and hypertac connector businesses were particularly notable.

Direct exports increased by a third and maintained the high level achieved in the second-half of 1977/78. The overseas companies made significant progress in all major trading areas and profits rose from £1.11m to £2.07m.

As regards the second half of 1978/79 the directors state that the problems of the motor industry, the lack of orders in the marine division and the loss of business resulting from the events in Iran are continuing causes for concern. Elsewhere generally satisfactory results are expected but they say it seems unlikely that the second half will match the exceptional results of the corresponding period of 1977/78.

Turnover for the first half at £139m showed an increase of 21 per cent. The profit was struck after heavier interest of £1.16m (£0.88m) which was mainly due to acquisitions made for cash during the latter part of 1978. After tax and minorities the net balance amounted to £7.09m (£5.39m).

The interim dividend is increased from 3.2853p to 3.6138p —the total for 1977/78 was 8.0924p paid from profits of £22.09m.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aberthaw Cement	4.75	July 3	4	7.55	6.76
Aquascutum	1.11	June 5	1	1.7	1.54
Assoc. Biscuit	1.88	July 2	1.69	3.53	3.19
Astbury & Madeley	†1.5	—	0.77	2	1.17
W. Boulton	0.5	May 18	0.44†	—	1.22
Burton Grp.	3	Aug. 31	0.6	—	4.5
Cedar Inv. int.	1.1	June 4	1	—	2.75
‡Channel Isles & Intl.	20	May 22	15	20	15
C.E.S.	1.91	—	1.71	3.62	3.24
DRG	5.01	July 2	[illegible]	7.82	7
Fothergill & Harvey	†4.44	—	3.96	6.94	6.21
Gill and Duffus	2.56	July 2	2.38	4.86	4.36
Hewden-Stuart	0.77	—	0.72*	1.22	1.07*
Higgs & Hill	1.64	June 15	1.47	3.88	3.45
Jerome	2.55	—	2.32*	3.05*	2.78*
M. F. Kent int.	0.73	—	0.66	—	2.26
London Poster	8.66	June 9	[illegible]	12	9.79
A. Martin	2.45	July 2	2.2	4.13	3.7
Metloy	1.4	—	1.07	2.6	2.12
Minet	1.42	—	1.27	3.72	3.35
Municipal Props.	5.61	—	5.1	5.61	5.1
B. & I. Nathan	2.53	June 18	2.3	3.63	3.3
Provident Life	5.02	June 1	4.47	9.12	8.17
Rosedimond Tst 2nd int.	2.5	April 30	2.2	4.6	4.2
Ruberoid	1.71	May 11	1.56	2.48	2.26
Small & Tidmas	2.9	July 4	1	4	2
Smith Inds. int.	3.61	June 12	3.29	—	8.09
G. W. Sparrow	1.44	—	1.29	2.4	2.15

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/ or acquisition issues. ‡ Gross throughout.

Hewden-Stuart tops £6.6m despite January losses

PROFITS before tax of **Hewden-Stuart Plant** improved from £4.59m to £6.66m in the year ended January 28, 1979. Turnover increased £20m to £84m and the directors confidently expect the figure to exceed £100m in the current year.

The Board says the profits must be regarded as highly satisfactory as the group incurred abnormal trading losses in January due to the haulage strike and the severe weather.

The loss was a sharp reverse from the rising trend in profits throughout the second half.—profits in the first six months had risen from £2.24m to £3.34m.

Gross earnings per share are shown at 11.93p against 8.29p and the dividend is effectively raised from 1.06543p to 1.22278p with a final of 0.77378p. A two-for-five scrip issue is also proposed.

	1978 £	1977 £
Trading profit	16,827,787	11,792,174
Depreciation	7,078,644	5,728,662
Interest	2,084,962	1,473,925
Profit	6,664,181	4,590,587
Minorities	422,530	252,233
Attributable	6,241,651	4,338,354
Tax*	351,887	345,147
Dividend	617,639	534,496
Retentions	5,272,125	3,458,711

* Including ACT.

In the current year, weather conditions continued to disrupt group activities in the first few weeks with earthmoving plant hire and general plant divisions being particularly affected, the Board states.

Work which should have been done over the winter months will now fall to be carried out simultaneously with normal seasonal demands. The directors, therefore, anticipate buoyant conditions in these divisions over the coming months with possible shortages of plant emerging in certain fields.

The crane hire division is being developed further and forward bookings are satisfactory. At a local level, where smaller cranes serve daily needs of industry, prices remain a problem, but measures taken last autumn have led to some improvement in rates across the industry.

The marketing division has started the year well and continues to expand and should benefit further from replacement demand.

● comment

It seems, for the first time, that Hewden-Stuart's cash flow (including disposals) has exceeded capital spending. Fixed asset investment during the current year is likely to stabilise at £16m which suggests that, given a potential 10-point improvement in plant utilisation to perhaps 75 per cent, some success in lifting hire rates, possibly lower interest charges and the chance of recouping much of the £600,000 profit lost through the haulage strike and foul weather, the cash position is unlikely to deteriorate. The group is looking for a sales rise of almost a fifth this time and believes that buoyant post-freeze trading conditions over the coming months offer scope to adjust hire rates in many areas. That indicates a good deal of support for the shares, up 1p yesterday at 87p, where the p/e is 7.7 on stated earnings. Given a positive cash flow and below industry average gearing of 69 per cent, Hewden-Stuart could embark on significant expansion. However, the message, for the moment, is that this does not signal the final stage of the quoted plant hire sector's lengthy rationalisation.

Aberthaw Cement falls £0.6m

FOLLOWING THE first half downturn, profits of **Aberthaw and Bristol Channel Portland Cement Company** fell from £1.02m to £724,000 in the second six months of 1978. This has left the total down from £1.86m to £1.25m and for the current year the directors are forecasting profits considerably lower than this.

Turnover of this cement manufacturing group improved from £18.69m to £21.06m in 1978. The profit was struck after depreciation of £519,000 (£507,000). After a much reduced tax charge of £199,000 compared with £931,000, the net profit comes through at £1.05m against £0.92m. Earnings per 25p share are stated to be up from 23.44p to 26.61p.

The final dividend is 4.7465p raising the net total from 6.7574p to 7.5457p.

In the first three months of the current year trading conditions have been very difficult, the directors state. Production has suffered from the effects of bad weather and also a high incidence of repairs which were planned for that period. Because of large increases in costs particularly fuel they expect that profits for 1979 will be much lower than those of the previous year.

UK COMPANY NEWS

CES expands to £6.29m

PRE-TAX profits of Combined English Stores rose by nearly £2m to £6.29m in the 52 weeks ended January 27, 1979 and the directors say the figure would have been higher but for the severe January weather.

The first 28 weeks had seen profits rise from a depressed £651,000 to £1.69m.

Stated earnings per 12.5p share are up from 12.4p to 20.07p and the final dividend is 1.9055p raising the total from 3.2423p to a maximum permitted 3.6205p. A one-for-one scrip issue is also proposed.

The directors are confident the current year will prove to be another year of substantial progress and are seeking further opportunities to expand both in the UK and overseas.

Profit for 1978-79 includes a first time contribution of £317,000 from Kendall and Sons, which incurred a loss of £43,000 in the year prior to its acquisition. Also included is a £782,000 (£708,000) profit on disposal of retail shop properties.

Extraordinary items of £830,000 include £630,000 off goodwill and relate mainly to the disposal of the loss-making Belgian subsidiary, Lindor SA.

● comment

Although not up to best expectations—the bad weather in January *probably clipped about* £0.25m off group profits—CES's full-year results reflect a creditable performance. Excluding Kendal and property sales, profits are 20 per cent higher. Once again, the biggest growth has come from Salisburys, the handbag and accessories chain, which *has further consolidated* its dominant position in the market with a near one-third increase in profits to about £1.7m. Elsewhere, the men's fashion business topped £1m for the *first* time (about a 20 per cent increase) in spite of competitive trading conditions and the furniture warehouse operation doubled its contribution to £0.5m. Only toys, which barely managed to break even, disappointed. The outlook however is bright, especially with Kendalls showing such a strong recovery. CES still has plenty of cash so there is scope for further acquisitions. At 155p (up 5p) *the shares are on a p/e* of 7.6 while the yield is 3.5 per cent.

Gill and Duffus confident after advancing to £22.7m

A PROFITS increase of more than £2m is reported by Gill and *Duffus* Group, the international commodity broker, merchant and processor. In 1978 the group pushed up the taxable surplus from £20.4m to £22.7m on turnover down from £713m to £706m.

The directors say there has been a mixed start to the current year but they continue to *approach the future* with confidence.

As forecast there is the maximum permitted payout. A net final dividend of 2.5642p per 25p share lifts the total from an equivalent 4.355p to 4.8642p.

Tax for the year takes £11.67m, compared with £9.94m, and provision for deferred tax no longer required is £4.71m, against £5.13m.

After minorities of £79,000 (£212,000) and an extraordinary *credit last time of £231,000*, attributable profit comes out at £15.66m (£15.62m). Retained profit is down slightly from £12.76m to £12.47m but shareholders funds are shown well ahead from £47.31m to £58.5m.

Stated earnings per share before the deferred tax credit are up from 16.3p to 16.7p.

The new U.S. factory bought to expand ICP Cocoa Inc. came into production last autumn and is now fully justifying board's confidence and working to capacity.

In Brazil the new cocoa products factory in Ilheus recently came on stream within the *projected time scale and budgeted* cost.

● comment

Gill and Duffus traditionally indicates its full year profits two months before the year end and this time it betters the earlier forecast by 8 per cent. After the group's heady performance in the previous two years when profits more than doubled, the company warned that its performance would be more pedestrian in 1978. It is still heavily reliant on cocoa trading and associated *businesses for well over half its* profits. The group's bid to diversify into the sugar market has not been successful and this side of its operation lost money in 1978. However, its move into petrochemical trading could have quite a significant impact on profits in 1979, since the *Iranian situation and higher oil* prices have led to big price moveent, and an active market—conditions in which companies like Gill and Duffus thrive on. At 168p the shares yield 4.3 per cent.

Aquascutum on target with £2.1m

TAXABLE profits of Aquascutum and Associated Companies, the clothing group, were in line with forecasts. The surplus for the year to January 31, 1979, was £2.11m compared with £2.07m, on turnover ahead from £20.45m to £20.93m.

At the halfway stage when profits were steady at £686,000, against £678,000, the directors forecast that the year-end surplus would be in the region of last year's record.

They now say that earnings are on target, orders are up and prospects *good*.

Tax for the year takes £1.13m, compared with £1.08m. Stated earnings per 5p share before tax *are up slightly at 10.37p, against* 10.19p, but after tax they decline from 5.1p to 4.79p.

The directors point out that the new accounting method for deferred tax and depreciation is reflected in the figures. As a result the pre-tax earnings provide a better comparison.

The final net dividend of 1.114p lifts the total from 1.54p to 1.7p.

Half-year rise at W. Boulton

TAXABLE PROFITS of William Boulton Group, machinery manufacturer and founder, rose from £575,780 to £756,242 in the half-year to December 31, 1978, on higher turnover of £11.4m, against £9.69m.

The directors explain that the profit includes results of new acquisitions for the three months to the year-end.

The tax charge increased from £205,000 to £270,000. Minorities took £8,022 (£10,087), leaving attributable profit at £478,220, against £360,693.

The net interim dividend is effectively raised from 0.44p to 0.5p per 10p share—last year's total payment was equivalent to 1.219p on taxable profits of £1.36m.

Sparrow ahead to £1.6m and sees further rise

SECOND HALF profits of G. W. Sparrow, the crane hire group, picked up *from* £908,000 to £1.06m taking the total for 1978 to £1.57m compared with £1.45m.

Mr. A. W. Sparrow, the chairman, reports that the group made a better start to the current year than it did in 1978. The group also has a high volume of confirmed orders in *hand although in some* areas results have been affected by severe weather.

Providing the current economic climate prevails the chairman looks forward to improved profits in the UK in 1979 and overall group profits are expected to show an increase.

In 1978 the group invested £2.8m in cranes and during the first quarter of 1979 the group has ordered or taken delivery of a further £6m worth.

The chairman says that crane rental rates in the U.S., which were low when the group purchased cranes in October 1976, showed no improvement in 1978 and early 1979. In March part of the U.S. rental fleet was sold and this will be replaced when returns *justify* it.

The group has leased, with the option to purchase, a yard and offices as a firm base for future expansion in the Houston area. The chairman says that *from the start of U.S. operations* until March 1979 there has been a small contribution to group profit despite steep increases in U.S. interest rates during that period.

Earnings per 20p share for 1978 are stated at 23.6p (22.5p) and the dividend is raised *from* 2.15p to 2.4p, with a final of 1.44p.

Turnover showed an increase from £11.6m to £14.09m. After tax £119,000 (£207,000), prior year charge £5,000 (£72,000 credit) and extraordinary debits £39,000 (nil), the net profit comes through at £1.41m (£1.34m). Defered tax no longer required of £2.02m has been credited to reserves.

Downturn at Bazaloni

Profits before tax of Bazaloni Holdings, tea producer, dropped from £620,651 to £547,922 for 1977, and the net balance fell by £85,321 to £131,934.

In the absence of information as to remittances from India, again no dividend is to be recommended.

London Poster up by £1m and dividend raised 22%

AN ADVANCE *of 47 per cent to* a record £3.04m in group pre-tax profit is reported by the London and Provincial Poster Group for 1978. With Treasury permission the dividend is being stepped up by 22.6 per cent.

In the first six months profits showed a rise of 57 per cent and the directors said that they anticipated the improved trend to continue but not at the same rate as in the first half. In the event the second half rise was 40 per cent to £1.84m.

The directors report that the current level of activity indicates that the profit for the first half of 1979 will show an improvement over the same period of 1978.

Earnings per 50p share are stated to be up from 29.94p to 47.64p. The dividend is lifted *from 9.787p to 12p, with a final* of 8.66p. The Treasury has consented to this increase under the exemption relating to dividend cover.

Turnover of the group (an outdoor advertising contractor) rose from £12.65m to £14.47m. The profit is subject to tax of £1.35m (£1m), extraordinary debits of £58,000 (£149,000) and minorities £23,000 (£17,000).

The figures reflect SSAP15 and the comparisons have been restated.

£7m current cost profit fall at Fisons

In the annual report and accounts of Fisons, the agrochemical fertiliser, pharmaceutical, scientific equipment and horticulture group, the per-tax profit for 1978, of £22.9m against £20.4m, is reduced on a current cost basis to £15.6m compared with £13.3m.

This was after additional depreciation of £5.5m (£4.4m), cost of sales adjustment £3.6m (£4.3m) less the gearing factor of £1.8m against £1.6m.

Meeting, The Dorchester, Park Lane, W, May 22 at 11.30 pm.

Second half shortfall pegs S. Jerome

A fall from £346,000 to £306,000 in the second half, left 1978 taxable profits of S. Jerome and Sons (Holdings), spinner and maker of worsted fabrics, little changed at £617,000 compared with £602,000 a year earlier.

Turnover rose from £7.53m to £8.21m, but exports were down by £0.63m to £1.06m.

The directors say business continues to be extremely difficult due mainly to importation of cloth and clothing into the UK from low wage countries at unrealistic prices.

Following substantial investment in modern machinery during the past few years, the directors feel the group well equipped to compete on equal terms *in home trade and export* markets.

After tax of £312,000 (£295,000) net profits were marginally lower at £305,000 against £307,000. The two companies acquired at the beginning of the year—H. Armitage and Co. (Eccleshill) and William White and Sons (Huddersfield)—contributed a total of some £57,000.

Stated earnings per 25p share fell slightly from an adjusted 9.18p to 9.12p, but as forecast, the dividend total is lifted to 3.0547p (equivalent to 2.777p) net, on increased capital.

WRIT AGAINST ST. PIRAN

The dissident shareholders of Saint Piran, *have issued a writ* against the director and certain offshore of the company, claiming they won the Elm battle and asking for independent joint receivers and managers to be appointed to run the company until the case can be heard fully.

The writ claims that the votes purportedly cast by proxy by certain offshore companies were invalid. The dissidents ask the court to declare that as a result the board of Saint Piran, *currently headed by Mr. Henry Hodd*ong, was voted out at the EGM and should make way for the dissidents.

The writ calls for an injunction to prevent the board from purporting to be directors or doing anything to interfere with the dissidents from acting as the new board.

The EGM will be reconvened at 2 p.m. today at Winchester House. Mr. Hodding has indicated that he will formally close *it immediately but the* dissidents have encouraged shareholders to attend.

DECISION FROM SUITS TODAY

The board of Scottish and Universal Investments, which was meeting to discuss its response to an increased bid from Lonrho, announced yesterday that no decision would be published until today.

The meeting was not started until 3.30 pm because of the delayed departure of Sir Hugh Fraser, the deputy chairman, from Canada. The board expected the meeting to continue late into the evening and then be adjourned until this morning when a statement would be made.

Mr. James Gossman, one of the directors, has already said that he and Sir Hugh will recommend the improved Lonrho offer. But the other independent directors are expected to continue their opposition.

Associated Biscuit meets forecast with £9m

TAXABLE profits of Associated Biscuit Manufacturers fell from £9.2m to £9m in 1978 on turnover ahead 18 per cent to a record £216.92m. But the surplus is better than that forecast in December last year. The directors then estimated the year-end profit would be £8.8m—at the halfway it was static at £4m, against £4.02m.

Mr. Gordon Palmer, chairman, says that in the first weeks of this year the UK operations were hit by the road haulage strike, and to a lesser extent by the weather.

But he adds that with these problems behind the group there is no reason why it should not perform satisfactorily this year.

Mr. Palmer says that rising costs in the UK may necessitate further price increases but efficiency in the group's factories and other operations are improving markedly.

The company is looking for a useful contribution from Smiths, the newly-bought snack foods division, and good results are expected from the European operations in particular.

The chairman stresses the importance of the geographical and product spread of the group. The UK biscuit interests are of paramount importance but, because of the recent acquisitions, the group is becoming much less dependent on them.

He points out that the figures have yet to reflect the benefits which will result from the enlargement of the group.

Mr. Palmer adds that the group is deeply involved in Europe and North America, and has broadened its interests to include confectionery and other non-biscuit products.

Tax for the year is up from £2.19m to £3.29m, and stated earnings per 20p share before exchange difference and extraordinary items are down from 15.4p to 10.8p. The earnings have been calculated on the capital at December 31, 1978.

The earnings on full conversion of 6¼ per cent unsecured loan stock and the exercise of outstanding share options are 10p, against 14.7p.

	1978 £000	1977 £000
Sales	216,918	183,979
UK	137,816	127,646
Overseas	60,693	35,061
Associates	18,410	21,272
Trading profit	9,690	8,886
UK	5,853	7,151
Overseas	3,837	1,735
Other income	185	329
Interest	2,044	1,584
Associate profits	1,170	1,564
Profit before tax	9,001	9,195
Tax	3,288	2,188
Profit after tax	5,713	7,007
Minorities and pref. dividends	432	229
Exchange diffs., extraordinary items	538	803
Attributable	4,743	5,975
Dividends	1,748	1,375
To reserves	2,995	4,600

After minorities, exchange differences and extraordinary items the attributable profits are well down from £5.98m to £4.74m.

As forecast the final dividend is raised to 1.88p net, lifting the total payout from 3.19p to 3.53p.

The 1977 figures have been restated for comparability with 1978 to include Britannia Biscuit Company of India as an associate company at 53 per cent for that year.

● comment

The haulage strike has hit Associated Biscuit Manufacturers painfully in the first quarter of 1979, costing £1m or more in terms of lost profits. In addition, the group continues to face very tough competition in its traditional UK markets. Volume growth is being supported by a series of new product launches and heavy advertising, but profit margins are tight. The current year should see a big advance in Continental profits, the U.S. acquisition will also be making its first full contribution, and the Smiths Food Group has achieved its bid time profits forecast of £2.2m pre-tax. However, Associated Biscuit will be doing well if it can maintain earnings per share this year—implying something over £13m pre-tax. On the basis of this year's forecast, the shares yield 7.3 per cent at 89p, which recognises that it is going to take time for the group to show its paces.

Stronger pound against Minet

A DECLINE in pre-tax profits from £7.94m to £6.86m in the second half of 1978, left Minet Holdings, insurance broker, with a full year figure of £15.28m compared with £15.2m last time. Brokerage income rose 22 per cent to £32.39m.

The directors explain that sterling appreciation against currencies in which foreign currency profits and brokerage is earned, adversely affected 1978 results.

It is estimated that had exchange rates ruling during 1977 applied in 1978, profits before tax would have amounted to £17m.

Expenses were 35 per cent higher at £24.11m. Underwriting income, less expenses, rose from £0.94m to £1.53m, while investment income was up slightly from £3.09m to £3.18m. Associates' contributions were virtually unchanged at £1.78m.

Tax takes £7.04m (£6.71m) and earnings per 20p are given little changed at 16.08p against 16.03p. A final dividend of 1.41933p lifts total payments from 3.35285p to 3.72251p net.

	1978 £000	1977 £000
Brokerage income	32,387	26,644
Expenses	24,110	17,855
Making	8,277	8,789
Underwriting inc.*	1,521	940
Investment income	3,177	3,091
Share assoc. profit	1,779	1,774
Exceptnl. income	—	251
Insurance profits	515	346
Profit before tax	15,279	15,201
Tax	7,035	6,705
Net profit	8,244	8,496
Exchange losses	69	255
To minorities	278	355
Extraord. debits	288	144
Attributable	7,629	7,742
Dividends	1,851	1,649
Retained	5,778	6,093

* Less expenses.

● comment

Minet's shares slumped 22p to 163p on the news of profits around 8 per cent below some analysts' expectations. Without the aid of underwriting agencies' income, which showed a two-thirds rise, taxable profits would have looked even sicker. What is worrying is the sharp increase in the expense ratio which has risen from 67 to 74 per cent—only partially explained by the move into its new building. The group incurs most of its expenses in the UK so there should not have been too much of a distortion from currency movements and there is nothing exceptional on bad debt items. But Minet has had to increase expenses overseas sharply, from which it earns about three-quarters of brokerage, to protect its business from increased competition. Markets are turning soft, at a time when sterling is strong, in the group's most important line of broking, professional indemnity insurance, so growth is difficult to maintain. An uninspiring year is in store, so the shares, with a modest 3.4 per cent yield, will be under pressure.

Best-ever £1.01m for Astbury

RECORD TAXABLE profits of £1.01m in 1978, against £776,394 previously, are reported by Astbury and Madeley (Holdings)—ahead of the £950,000 forecast at midway.

At that stage, profits were up from £275,000 to £420,000 and the directors expected a total dividend of 2p, which has been met.

After tax for the year of £335,626 (£316,958), earnings per 20p share are shown higher at 14.65p on increased capital from the rights issue, against 10.13p. The net final dividend is raised from 0.768p to 1.5p making 2p (1.166p); Treasury consent has been obtained.

There is an extraordinary debit of £38,558, compared with a £12,967 credit last time. Attributable profit comes through at £638,222, against £472,403.

The group's principal activity is stockholding and distribution of a range of equipment used by industrial, central heating and plant maintenance engineers and plumbers.

Second half fall leaves Higgs & Hill £1m off

A SECOND half fall from £1.57m to £841,000 left profits of Higgs and Hill, building and civil engineering contractor, down by more than £1m from £3.13m to £2.09m for 1978. Turnover dropped by £10m to £96m.

At halfway the directors reported profits behind at £1.25m against £1.56m and said the fall was due essentially to the continuing difficult conditions in the UK construction industry. They expected, however, second half profits to be similar to those of the first half.

They now say that second half profits were down due to the provision for losses on civil engineering work both in the UK and Trinidad having been greater than expected. Steps have been taken to reduce exposure in this field, they add.

After tax for the year of £189,000 compared with £1.6m last time, and minorities, the attributable balance came out higher at £1.87m (£1.53m). The low tax figure arises from the availability of stock relief on the increase in developments and work in progress following adoption of SSAP 15, in 1977.

The dividend for the period is stepped up from 3.4525p to 3.8551p net per 25p share with a final of 1.6373p. After dividend costs the amount retained was £1.57m (£1.25m).

Following a revaluation of investment properties a surplus of £1.68m has been transferred to reserves.

● comment

Higgs and Hill has a rather cyclical profit record and it had warned, at the outset of 1978, that conditions were going to be tough. At the halfway mark profits and turnover were down slightly, and the company forecast profits for the full year of around £2.5m. The actual figure is some 16 per cent less than that and is almost 50 per cent down in 1977. A fixed price road contract in Trinidad, which fell foul of Trinidad inflation rates, and delays on civil engineering work in the UK due to weather conditions, are given as reasons for the failure to make the forecast. The civil engineering division has a troubled record and the company is attempting to put it right by shifting emphasis back to work related to construction and away from roadworks. Elsewhere, the performance is unexciting. The shares dropped 2p to 74p where the yield is 8 per cent and the p/e is 5.6.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Adwest, Bellway, Ferry Pickering, Kalamazoo, North Atlantic Securities, Walker and Homer.

Finals: Babcock and Wilcox, Boosey and Hawkes, Bradwall (F.M.S.) Rubber Estate, Christies International, Clarke, Nickolls and Coombs, Horace Cory, Croda International, Eagle Star, Empire Stores (Bradford), J. E. England (Wellington), John Finlan, Glynwed, General and Commercial Investment Trust, Guardian Royal Exchange Assurance, Hawker Siddeley, Lead Industries, Lec Refrigeration, Matthews Wrightson, Stanley Miller, Owen Owen, Portals, Sanderson Kayser, William Sindall, W. H. Smith, Taylor Pallister, Viking Resources Trust.

FUTURE DATES

Interims:	
Copson (F.)	Apr. 12
Lloyds and Scottish	May 10
Photo-Me International	Apr. 19
Spencer Gears	Apr. 24
Warner Estate	May 10
Finals:	
Ash and Lacy	Apr. 19
Blue Circle	Apr. 19
Boustead	May 1
Bramall (C. D.)	Apr. 18
Currys	Apr. 17
General Scottish Trust	Apr. 19
Helene of London	Apr. 18
Hoskins and Horton	Apr. 25
Hunting Petroleum	Apr. 19
Liberty	Apr. 20
Midland News Association	Apr. 12
Modern Engineers of Bristol	Apr. 19
North (M. F.)	Apr. 24
Winn Industries	Apr. 27

Fothergill advances to £1.6m

PRE-TAX profits of Fothergill and Harvey, advanced from £1.05m to a record £1.64m for 1978 on turnover of £14.74m against £12.04m.

The directors reported a rise from £453,000 to £783,000 at the interim stage and said that the trading pattern since July had been maintained at about the same level as the first half and should be reflected in the full year's results.

Before the year's tax of £428,386 (£362,132) earnings are stated as 24.09p per 25p share on increased capital compared with 17.75p, and 17.8p (11.63p) after the charge. The dividend is lifted to 6.9359p (6.2113p) net with a final, as forecast, of 4.4359p.

Fothergill manufactures fluorocarbon products, fibre reinforced composites and industrial synthetic textiles.

Ruberoid finishes 30% ahead after second half standstill

SECOND HALF profits of Ruberoid slipped from £691,900 to £653,642 leaving the total for 1978 30 per cent ahead at £1.1m. Sales were marginally higher at £32.48m against £31.44m.

Earnings before tax are shown to be up from 8.21p to 10.64p per 25p share and from 4.5p to 5.78p after tax. The dividend is increased from 2.2574p to 2.4831p net, with a final of 1.7131p.

Mr. Thomas Kenny, chairman of this building products, specialist sub-contracting, paper and plastics group, states that although sales on the building materials side increased by 9 per cent profits did not follow suit. There was surplus capacity at the Brimsdown and Granton plants and the latter was closed. The cost of this has been charged against 1978 profits.

In the construction division it was decided not to obtain work on a cut-price basis and as a result turnover declined from £9.6m to £9m. Profits, however, improved by nearly 50 per cent to just short of £300,000.

On the glass tissue side, turnover was allowed to decline where current or potential profitability was insufficient and the group concentrated on developing technical and applicational knowledge. The effect was to reduce losses from £511,000 to £186,000.

As regards the current year, the chairman says trading started badly with the lorry drivers' strike doing serious damage. The group also suffered a fire at its paper mill in March which caused considerable disruption.

Against that background the chairman does not expect first half 1979 profits to be exciting.

The group finished 1978 with cash balances £370,000 ahead at £1.28m. The net current asset position improved despite expenditure of £500,000 on new equipment and buildings. The group has a strong programme of capital expenditure over the next few years which will be financed from its own resources.

The net asset value per share at December 31, 1978, was 65p.

Slow start to year for Thurgar

A slow start to the current year has been made by Thurgar Bardex, plastic products manufacturer, says Mr. Gilbert Hunt the chairman, caused by a combination of the road transport strike and severe weather conditions.

He adds that the 45 per cent increase in the price of raw materials is "bound to have an effect on demand," and that while an extension to the factory at Thurgar Bollé will enable this company to expand and improve efficiency, the launching costs will reduce profits in the short term.

However, Mr. Hunt says that the group is well set to take advantage of any upturn in the economy.

As reported on March 29 taxable profits for 1978 were up from £308,000 to £449,000 on turnover of £5.68m (£4.99m). The dividend is lifted to 0.7635p (0.68375p) per share.

As at December 30, 1978 net current assets stood at £334,000 (£421,000), and fixed assets at £1.9m (£1.48m).

A statement of source and application of funds shows a £94,000 increase in bank borrowing compared with a £56,000 decrease.

Meeting, Kettering, Northants, May 2 at 11.30 am.

A. Martin down to £1.25m but expects improvement

PROBLEMS surrounding exports together with pressure on margins in the UK and abroad resulted in pre-tax profits of Albert Martin Holdings, clothing manufacturer, falling from a record £1,685,405 to £1,254,170 for 1978. At mid-year, the surplus was lower at £524,000 compared with £661,000.

Turnover for the year increased from £18.11m to £21.48m, but the directors say difficulties in exports arose from intense competition coupled with reduced demand and difficult foreign exchange conditions.

After tax of £109,203 (£285,392), stated earnings fell from 23.45p to 17.59p per 20p share. A net final dividend of 2.4522p brings the total payment to the maximum permitted 4.1272p (3.696p).

The directors report that industrial disputes and severe weather conditions in the early months of 1979 make the year's outcome difficult to forecast.

Nevertheless, the group is maintaining its expansion policy and with orders materially higher than at the same time last year, a profits increase is confidently expected in the current year. However, this may not be reflected in first-half results.

● comment

ALBERT MARTIN fell 6p to 92p yesterday after an annual pre-tax shortfall of 34 per cent which the market really might have anticipated. French knitwear and currency problems were widely known after the 21 per cent pre-tax downturn at the interim stage but the textile industry has suffered acute competitive and margin problems throughout the year which even Marks and Spencer, taking around £9.5m of Martin's turnover, has not been able to overcome in export markets. Martin's direct exports were broadly flat in value terms last year, indicating a marked volume drop. Worse, indirect exports fell from £1.21m to about £1m which points to a serious fall in unit sales. The group's response has been to broaden its base and to seek, for example, large UK retail contracts in part substitution for the knitwear division's reliance on the French market. Long gearing supports a £1.2m capital spending programme in the current year and still leaves scope for the prolonged pursuit of suitable acquisitions. The p/e of 9.8 on fully taxed earnings may already anticipate the start of the likely recovery.

Mettoy makes profit advance to record £3.5m and pays 2.6p

FOLLOWING A profits advance from £1.25m to £1.58m at 36 weeks, the Mettoy Company, toy manufacturer, pushed further ahead to finish 1978 with a record pre-tax surplus of £3.64m, compared with £2.77m last time. Turnover rose by £3.67m to £31.17m.

From stated yearly earnings of 17.6p against 14.4p, the dividend total is stepped up from 2.122p to 2.6p net, with a 1.4p final. A scrip issue of one ordinary and one deferred share for every ten ordinary is also proposed.

The company's authorised share capital is to be increased to £5.25m by the creation of 5m unclassified ordinary 25p shares.

Associates' contributed £218,000 (£196,000) to profits. Tax takes £1.04m (£0.64m)

● comment

Mettoy's full-year results—profits are almost a third higher—are just a shade off market expectations, mainly because of the adverse impact of the strengthening pound. As a result, exports rose just over a tenth to £12.8m with the U.S. holding its own and the Middle East and Nigeria showing a downturn. The EEC, however, came through strongly, helped greatly by the acquisition of a substantial interest in Fair Play, the company's French distributor. Corgi die-cast toys continue to sell well, especially the new character range such as the Starsky and Hutch car, as does Wembley Playballs. However, Busybodies, the range of semi-articulated figures now being made in Swansea, continues to be a disappointment. At 75p the shares yield 5.3 per cent and stand on a p/e of 4.2. The upward movement in the value of the pound and the continuing increase in the prices of raw materials suggests that Mettoy is unlikely to see a similar rate of growth in the current year.

ELECTROLUX UK

The Electrolux Group's UK subsidiary has broken with tradition and announced details of its contribution to the Swedish parent's overall 1978 figures.

Turnover for the UK company was 15 per cent up to £119.4m (some 9 per cent of total turnover for Electrolux worldwide) and pre-tax profits jumped 55 per cent to £12.5m (18 per cent of the overall total).

Small & Tidmas

The recovery in taxable profits at John C. Small and Tidmas, started at the interim stage, continued in the second half of 1978, with profits advancing from £93,870 to £187,614.

The full-year surplus surged from £78,665 to a best-ever £314,930—some £90,000 higher than the previous record in 1974.

The tax charge of £19,880 (£11,452) has been reduced by £140,670 (£24,915), reflecting change of accounting policy for deferred tax. Earnings per 25p share are shown to have jumped from 5.8p to 24.59p.

The net final dividend is stepped up from 1p to 2.9p, making 4p (2p).

LEEDS & HOLBECK BUILDING SOCIETY

At the Annual General Meeting of the Society held on 10th April, 1979 the President, Sir Frank Marshall, M.A., LL.B., moved the adoption of the accounts for the year ended 31st December, 1978 and the following are extracts from his speech:

ASSETS

It is only four years since this Society celebrated its one hundredth anniversary and coincidentally, the achievement of reaching £100m assets and now I am able to report that, as you will see from the Accounts, the Society's assets are over £185m.

This is reported as a matter of fact and not of pride, for we are bound to feel that had it not been for adverse financial and economic fluctuations during the latter part of 1978 the results might have been so much better.

It is, I feel, important to remember that 1977 was, as I said at the time, a year of comparative plenty during which our assets increased by over 20%. This was a period when funds flowed in to building societies at a very high rate for perhaps seven months of the year, principally because of the progressive reduction in Minimum Lending Rate and the consequent diminution of heavy competition for money.

ADVANCES

1978 started on an optimistic note and we were determined to advance as much money and to as many borrowers as was prudently possible. I am happy to report that in one respect we were successful in that the total advanced on mortgage during the year was only a little short of £38m—by far the highest figure the Society has thus far achieved.

It is, however, a sobering thought that although this was over £6m more than the figure for 1977 only 81 more borrowers were involved, a clear indicator if one was needed of the continuing effects of inflation on the cost of housing. In spite of the many difficulties encountered during the year, which I shall touch upon a little later, investment receipts at almost £80,900,000 were roughly £3½m up on the 1977 figure; but the sting is in the tail for withdrawals of principal at £71,900,000 showed an increase over the previous year of £14,250,000.

You may ask, as we have done, where all the withdrawals were going. I think the answer is not far to seek.

There were perhaps two main factors. First the tremendous consumer boom which started in the third quarter of 1978 and which, according to figures produced by the Central Statistical Office in its review of the economy, was financed to a large extent by personal savings.

The second factor is apparent in the fluctuations of Minimum Lending Rate which between January 1978 and the middle of November rose in stages from 6.5 per cent to 12.5 per cent. These increases stimulated a good deal of competition and there is no doubt that many larger investors moved from building societies into gilt edged securities and this during a year when building society interest on Paid-Up Shares fluctuated only between 6 per cent and 8 per cent.

Nevertheless, throughout this difficult period we were greatly encouraged by the continuing loyalty of our members and it is obvious that although there are investors who seek the highest possible return, there are many others, perhaps the majority, who continue to prefer the safety, convenience and personal service offered by building societies.

This is, I think, amply demonstrated by the Accounts before you today which show that in spite of all we were able to transfer £767,561 to General Reserve which at £6,729,430 (3.63 per cent of Assets) shows a slight percentage increase over the previous year.

THE FUTURE

It would be a brave or a very foolish man who attempted to forecast with any degree of accuracy what is likely to happen to building societies, and indeed to the country as a whole, during 1979. You may think, as I do, that constructive steps towards a more stable economy are years overdue.

Nevertheless, your Board will continue to do their utmost so far as lies in their power to help as many people as possible to own their own homes but we know that this can be done only by offering to the Society's investors an adequate rate of interest for the use of their savings.

Finally, the Board wish me to place on record their sincere appreciation of the work and support of all those who serve the Society in so many ways namely, management and staff throughout the country, our professional associates and all our agents.

MINING NEWS

Selection Trust earns and pays more

BY KENNETH MARSTON, MINING EDITOR

BEST market expectations are matched by the 1978 earnings of the UK-registered Selection Trust mining and industrial group. Net profits for the 12 months to December 31 last amount to £11.4m, earnings being 35.9p per share on the 31.7m shares.

Because of the changed financial year—which now runs to December 31 instead of March 31—the previous accounting period covered only nine months to December 31, 1977. In that period earnings amounted to £9.6m, or 32.8p per share on the 29.4m shares then in issue.

A final dividend of 10.844p is declared for 1978 which brings the year's total to a maximum-permitted 20.844p. For the previous nine months, dividends totalled 14p per share.

	Year ended 31.12.78 £m.	9 mths. to 31.12.77 £m.
Turnover	207.7	201.4
Operating profit	20.6	16.9
Realisation of invs.	3.4	4.3
Dividends	5.1	2.6
Interest, sundry revenue	5.0	2.9
Assoc. companies	0.6	†0.1
Making	34.8	26.6
Admin., tech. exs.	4.4	3.4
Exploration	4.0	2.8
Interest payable	6.0	4.1
Exch. differences	0.4	0.2
Pre-tax profit	19.8	18.1
Current tax	8.4	8.1
Deferred tax	†0.5	†2.1
Profit after tax	11.9	10.1
Minority interest	0.5	0.5
Available	11.4	9.6
Earnings per share	*35.9p	‡32.8p

† Loss. * Based on 31,699,675 fully paid shares. ‡ Based on 29,364,108 fully paid shares.

Major factors in the past year's higher earnings have included good performances by the Amari, Shand and Kleeman industrial interests in the UK, coupled with increased dividend income from the important 8.3 per cent holding in America's Amax natural resource giant, resumed dividends from the Tsumeb base-metal producer in South West Africa and a good pay-out from the West African diamond interests.

● comment

Selection Trust should further increase earnings this year, possibly to 42p-44p per share. The impact of higher base-metal prices on the group's various interests in this sphere should easily offset any easing elsewhere, notably at the Mount Newman iron ore operation in Australia. The shares should thus maintain their above-average rating, much of which reflects the holding in Amax. They rose 4p to 558p yesterday following the latest results.

Tin producers seek oil help

The cutback in Iranian oil production and the April 1 price increase by OPEC have prompted the All-Malaya Chinese Mining Association to draft a proposal for Mr. Razaleigh Hamzah, the Malaysian Finance Minister, asking the Government to absorb the whole rise in fuel costs.

The Association represents the Chinese gravel pump miners who account for over 50 per cent of Malaysian tin production.

Malaysia is a net oil exporter with exports of around 260,000 barrels a day of low-uslphur crude. It consumes about 130,000 barrels a day of low sulphur barrels a day of heavier quality crude from the Middle East.

The increase in oil prices will have a direct and indirect effect on the mining industry through rising electricity charges.

Meanwhile the Malaysian Mining Corporation, which encompasses the country's major tin mines, lifted production in March to 1,747 tonnes of concentrates compared with 1,694 tonnes in February.

Malayan Tin continues to raise output with production of 2,340 tonnes for the last nine months well above the 1,972 tonnes produced in the same period a year ago. Similarly, Ayer Hitam's nine-months total of 1,720 tonnes compares favourably with the 1,232 tonnes in the same period last year.

The biggest increase, in percentage terms, is that of Tongkah Harbour, where the nine-months total of 585 tonnes is sharply higher than the 342 tonnes output in the same period last year.

On the other hand output at the largest of Malaysia's tin producers, Berjuntai, shows a substantial shortfall. In the eleven months to date production fell to 3,784 tonnes against 4,619 in the eleven months to April 1978.

The latest outputs are detailed in the accompanying table:

	Mar. tonnes	Feb. tonnes	Jan. tonnes
Aokam	146	152	119
Ayer Hitam	182	168	188
Berjuntai	309	325	363
Kamunting	58	52	46
Kramat	—	—	6
Kuala Kampar	13	16	15
Lower Perak	13	17	19
Malayan	264	246	232
S. Kinta Cons.	145	128	163
Sthn. Malayan	170	174	212
Sungei Besi	186	203	224
Tongkah Harbr.	76	61	110
Tronoh Mines	165	158	174

More small Ashton diamonds

THE LARGEST bulk sampling results so far obtained are announced by Conzinc Riotinto of Australia from its Ashton diamond exploration joint venture in Western Australia. The surface samples tested in the past quarter are of higher grade material collected late in 1978 before the onset of the wet season.

They come from the diamondiferous kimberlite "pipes," "B" and "A" which are among those tested in the previous sampling of the prospect's Ellendale area. From pipe "B" a further 6,195 cubic metres of material were treated from which were recovered 12,327 diamonds weighing a total of 1,132.39 carats. The largest stone weighed 5.39 carats.

At pipe "A," 5,320 cubic metres were treated and 2,629 diamonds were recovered with a total weight of 438.79 carats. The largest stone was 3.89 carats. Compared with the smaller amount of material sampled from these pipes in the final quarter of last year the latest results indicate a higher diamond content but the average size of the diamonds recovered remain tiny.

CRA has a 56.8 per cent stake in the venture with Ashton Mining holding 24.2 per cent, AO (Australia) 4.9 per cent, Tanaust 9.1 per cent and Northern Mining 5 per cent. Following the latest quarterly report the shares of CRA rose 4p to 244p, but those of Ashton Mining eased 3p to 71p.

● comment

The latest sampling results do no more than confirm those previously obtained in this early stage of examining surface material. *The better grade in pipe "B" averages only 12 carats per 100 metric tonnes which is low by African standards,* especially in view of the fact that the diamonds so far recovered are virtually all tiny, averaging only one-tenth of a carat (there are 142 carats to the ounce). While the important factor of their quality is not yet known, it would seem that the bulk of them comes into the industrial grade rather than the much higher value gem class. Even so, the results are still encouraging and the hope is that now the Australian wet season is coming to its close CRA will have more exciting results to announce in subsequent quarterly reports. Spending on the venture is estimated at about A$9m (£4.8m) this year, compared with A$6.5m in 1978, and with the improvement in weather conditions it is intended to resume drilling of the pipes in the vicinity of the Ellendale processing plant. Of particular interest will be a programme of *deeper drilling* to examine the content of the pipes from 100 to 150 metres, the hope being that the diamonds may be of larger size. Finally, the group now plans to commission an expert assessment of the quality of its diamonds, a factor which can be more important than size alone.

Poor year for Shell Chemicals

BY SUE CAMERON

Shell Chemicals UK has admitted that it experienced a "poor year" in 1978 with losses of £14.8m as against a £5.7m profit in 1977.

Sales volume showed a small improvement at 1.208m tonnes compared with 1.198m tonnes in 1977. But sales were down in money terms from £331m to £330m last year.

Shell said the final quarter of 1978 "proved to be the worst, with substantial cost increases, particularly in feedstocks and fuel, running ahead of market prices."

Although some product prices had been raised at the end of last year and had been further increased during the early part of this year, prices were "barely keeping pace with cost increases." It would therefore be necessary "to take every opportunity to attain a more realistic balance between the two."

The agricultural division made a "satisfactory return" and its base chemicals, industrial chemicals and solvents all showed a "small though inadequate trading profit in 1978." But polymers—Shell Chemicals' biggest business area—was the "worst hit" of all its activities.

Capital investment was up £20m to £49m, and the figure will be "considerably higher" this year. Spending would be aimed at improving efficiency and cutting fuel and feedstock costs rather than at building extra production capacity.

Provident Life well ahead

HIGHER PROFITS from long-term business and a return to profits on general business resulted in net profits of Provident Life Association of London increasing from £434,000 to a record £582,000 in 1978.

In new life business, the gross rate of interest earned on the fund rose from 7.64 per cent to 7.98 per cent. Long term funds increased by nearly £6m to £69m. Shareholders profits from long-term business jumped by nearly 20 per cent from £365,000 to £433,000.

On general business, the premium income was maintained at £4.3m and an after tax profit of £72,000 was achieved compared with a loss of £21,000 in 1977. The underwriting losses on the property and accident account were cut to £268,000 from £496,000 in 1977 following steps taken to alleviate the situation. The results of the motor account continue to be satisfactory.

A final dividend of 5.02p per share is being recommended, bringing the total for 1978 to 9.12p per share compared with 8.168p. For the former "A" ordinary shareholders, the effective increase is 17.5 per cent after allowing for the scrip issue following the enfranchisement of the "B" ordinary shares.

The Profumo family hold just over 40 per cent of the share capital and Winterthur Swiss Insurance Company, 25 per cent.

M. P. Kent

TAXABLE PROFITS of M. P. Kent, residential and commercial property developer, surged from £387,000 to £737,000 in the half-year to December 31, 1978. Turnover rose from £5.24m to £5.94m.

The directors say that, on the basis of continuation of current trading conditions, they will be disappointed if record profits are not achieved for the current year. In the last full year, pre-tax surplus was £1.11m.

Margins on housing development improved, directors add, and with strong forward sales and a reasonably priced residential land bank, they view the future of the homes company with confidence.

After tax for half-year of £38,000 (£201,000), stated earnings per 10p share are higher at 6.5p, against 1.7p. The net interim dividend is lifted from 0.66p to 0.73p—last year's total payment was 2.26p.

RESULTS AND ACCOUNTS IN BRIEF

REFUGE ASSURANCE — Treasury approval received for payment of the declared final dividend of 6.2p.

KRAFT PRODUCTIONS (furniture manufacturer)—Turnover for 1978 £1.55m (£1.32m). Profit £12,908 (£7,441) after all charges including tax £13,221 (£18,141). Earnings per 10p share 1.29p (0.74p). Final net dividend 0.335p, making 0.67p (0.66p).

PYKE HOLDINGS (butcher)—Turnover for half-year to December 31, 1978, £3.69m (£3.24m). Profit £16,144 (£15,236) after tax £17,480 (£16,504). *Earnings per 10p share 2.11p (1.99p).*

ISLE OF MAN ENTERPRISES (self-catering holiday group). Results for year to October 31, 1978, already known. Fixed assets £410,483 (£402,831). Net current assets £107,487 (£73,190). Increase in liquid funds £67,020 (£21,674). Meeting, Douglas, Isle of Man, April 23, noon.

FEDERATED LAND AND BUILDING COMPANY—Results for 1978 already known. Group investment properties £8.19m (£4.76m) less loans £4.06m (£1.39m). Net assets £4.93m (£4.6m)—overdrafts £2.06m (£0.95m) and other loans and advances £3.52m (£4.06m). Meeting, Winchester House, EC, May 2 at noon.

THOMAS JOURDAN (investment holding)—Results for 1978 reported on April 3 with prospects. Group fixed assets £1.1m (£1.12m), net current *assets £596,275 (£720,093).* Net liquid funds increased by £168,470 (£350,032 decrease). Meeting, Bury Street, St. James's, S.W., April 26 at noon.

CITY AND COMMERCIAL INVESTMENT TRUST—Results for January 31, 1979 year reported March 9. Group investments £12.52m (£11.53m), net current assets £988,568 (£867,337). Meeting, 117 Old Broad Street, EC, May 3 at 12.15 pm.

THE SOLICITORS' LAW STATIONERY SOCIETY—Results for 1978 with prospects already reported. Group fixed assets £4.45m (£4.08m), net current assets £1.36m (£0.93m). Net liquid funds decreased by £644,138 (£629,217). On CCA basis, historical pre-tax profit, £795,921 (£1,266,597) adjusted to £648,785 (£1,129,793). At year-end, Thomson Organisation held 39.1 per cent of equity and Woodbridge Company, 10.8 per cent. Meeting, Savoy Hotel, WC, May 3, noon.

WAVERLEY CAMERON (stationery manufacturer)—*Directors state that* Treasury approval has now been obtained for the payment of 1978 final dividend of 11p net per 25p share.

BURMA MINES—Revenue, before tax, for 1978 £5,917 (£970). Tax £8,514 (£1,731). Net asset value 11.6p (10.5p). No dividend (same).

RELIABLE PROPERTIES—For half year to December 31, 1978, pre-tax profit £214,375 (£179,223). Net interim dividend 1.25p (nil).

UNITED CAPITALS INVESTMENT TRUST—Net income for 1978 £41,710 (£33,453) after tax £21,061 (£17,572). Final dividend 0.625p net per 25p share making 1.0375p (0.9375p). Board states that current indications encourage the hope that a further increase in payment should be possible for 1979.

HIGH GOSFORTH PARK (racecourse proprietors and state owner)—Net profit for 1978 £13,589 (£17,950) after tax of £14,867 (£6,178). Earnings per share 14.9p (19.3p). Turnover £458,082 (£453,894). Dividend 12p net.

FAIRCLOUGH CONSTRUCTION GROUP—Results for 1978 reported March 14. Group fixed assets £31.76m (£23.34m), net current assets £4.92m (£752,000). Liquid funds increased £4.74m (£12.72m). Auditors say treatment of long term contract work in progress is not in accordance with SSAP 9: group value is at cost plus attributable profits, less forseeable losses and cash received as progress payments. Meeting, Midland Hotel, Manchester, May 2 at 11.30 am.

DERBY TRUST—Net asset value per 50p share at March 31, 1979, £4.67¼ (£3.82½ at December 31, 1978).

LONDON PAVILION — Net dividend 12.5p (same) for 1978. Turnover £69,064 (£57,815), profit £30,622 (£7,550) after tax £19,029 (£3,997). Earnings per £1 share 29.07p (5.81p).

STONE-PLATT INDUSTRIES (textile machinery, electrical equipment maker, etc.). Results for 1978 reported March 23, with prospects. Fixed assets £33.28m (£30.02m); net current assets £56.74m (£56.72m). Meeting, Quaglino's Hotel, SW, on April 26, at noon.

SMITH AND NEPHEW ASSOCIATED COMPANIES—Results for 1978 reported March 16. Group fixed assets £47.83m (£44.52m). Net current assets £38.99m (*£38m*). *Net borrowings £25.06m* (£29.75m). Total cash flow generated in 1978 around £17m. Assuming full conversion of loan stock net borrowings at £16.8m represents 22 per cent of shareholders' funds. Capital expenditure amounted to £8.4m. Amounts contracted for at the year end were £1.98m (£2.6m) and a further £2.88m (£2.89m) was authorised but uncontracted. Meeting, Grosvenor House, W., May 3, at 11 am.

FAMILY INVESTMENT TRUST—Results for January 31, 1979, year already known. Investments quoted in GB £4m (£4.33m), unquoted GB £181,300 (£123,988), abroad £30,234 (£17,828). Increase in liquidity £1.02m (£297,000 decrease). Meeting, 20, Fenchurch Street, EC, May 2, at 2.30 pm.

JAMES DICKIE AND CO. (drop forgings)—Results for year to October 31, 1978, already known. Fixed assets £611,229 (£572,755), net current assets £1.35m (£1.21m). Working Capital increased £73,740 (£85,898 decrease). Chairman says increasing costs suggest trading income will not be as good in current year. Meeting, Ayr, April 26, at noon.

ROSEDIMOND INVESTMENT TRUST—Second interim dividend 2.5p (2.18p), making 4.6p (4.18p) for year ended January 31, 1979. Pre-tax profits £457,489 (£410,752) after expenses £117,012 (£20,797). Tax £182,105 (£161,733). Earnings per 25p share 4.60p (4.16p).

MUNICIPAL PROPERTIES — Turnover 1978 £217,505 (£171,411), profit £95,636 (£82,054) after all charges including tax £101,895 (£87,389). Earnings per 50p share 19.76p (16.95p), net dividend 5.805p (5.095p). Profit includes pre-tax surplus of £67,901 (£54,061) arising on sales of property by dealing subsidiary. *Additionally surplus on property sales* by holding company amounted to £322,510 (£71,020), net of tax, which has been credited to reserves.

CHANNEL ISLANDS AND INTERNATIONAL INVESTMENT TRUST—Pre-tax profit 1978 (£193,654 (£201,942) Jersey tax £38,731 (£29,808). Dividend 20p (15p) gross per £1 share. Proposed scrip issue of three for one.

BANKERS INVESTMENT TRUST — Third interim 0.5p (0.5p) per 25p share for 1978-79. Pay May 31.

LAMBERT HOWARTH GROUP (substantial supplier of footwear to Marks and Spencer)—Results for 1978 already reported. Group fixed assets £1.09m (£1.07m). Net current assets £2.33m (£1.88m). Chairman feels production this year will reach at least level achieved in 1978. Meeting, Burnley Crest Motel, May 2, at noon.

BIDS and DEALS

LMI withdraws and sells out to Comet

BY ARNOLD KRANSDORFF

Comet Radiovision Services has won control of Caledonian Holdings after a six-week take-over battle with rival suitors London and Midland Industrials.

LMI announced last night that it had decided to sell its total holding of 2.95m Caledonian shares (almost 30 per cent) to Comet at 174½p per share. As a result Comet, with 72.6 per cent of Caledonian's shares including acceptances, has gone unconditional with its offer.

LMI's sale to Comet will realise more than £5.1m, giving the company a gross capital profit of £3.19m. The 174½p sale price compares with LMI's average purchase price of just over 66p per share.

Mr. C. M. Beddow, LMI's chairman, said he did not believe that a further increased offer for Caledonian would have been justified.

Following two extensions of its offer, and taking into account the level of acceptances received and the increased counter offer from Comet, LMI's directors had decided to bring the matter to a definitive conclusion, he said.

He believed that the sale was in the best interests of LMI shareholders.

Mr. W. R. Burns, Caledonian's chairman, said he hoped that Comet would sort out the uncertainties over the future of the engineering and hosiery divisions fairly quickly.

Mr. M. J. Hollingbery, Comet's chairman, said that it was still intended to dispose of Caledonian's engineering and hosiery divisions. He described the acquisition of Caledonian as "a valuable addition to our affairs."

Mr. Burns and Mr. B. A. Neiman, also a director of Caledonian, have agreed to join the Board of Comet.

Caledonian only came to the market 10 weeks ago at an offer-for-sale price of 65p. Last night its shares stood at 172p, valuing it at £17.2m.

MERU/GEN.CEYLON

As at April 10, acceptances had been received in respect of 48,337 shares in connection with the unconditional cash offer by Meru Group for the capital of General Ceylon (other than the shares held by the former shareholders of Carlton Real Estates, Carlton Estates (London) ("CEL") and Mr. L. C. Toppin).

Aurora buys base in U.S.

Aurora Holdings has gained its first manufacturing base in the U.S. with the acquisition of United Products Inc. of Hackensack, New Jersey, a specialist manufacturer of fasteners.

The consideration was $1.6m cash, of which £1.12m was paid on completion; the balance of $480,000 will be paid in equal annual instalments over the next three years. UP's profits before tax in the year ended October 1978 were $300,000.

Sales currently are in excess of $8m per annum from Aurora's various operations in North America. The acquisition will enable Aurora to set up a single distribution network for the products of both Anderton and UP in the U.S.

CI TO FLOAT SA COMPANY

Caravans International is to apply for a listing of its South African subsidiary in Johannesburg, with a view to reducing its holding from 80 per cent to 51 per cent.

The subsidiary, with its current sales level, and its forecast after-tax profits *approaching £1m,* has reached the stage where it should be a public company in South Africa in its own right. Furthermore, the reduction of the holding will release some £1m to CI which it will use to strengthen further its UK base and create a better balance between UK and our overseas investments.

MK ELECTRIC

MK Electric Holdings has acquired the capital of Superswitch Electric Appliances from Plantation Holdings for £220,000.

MK regards this acquisition as providing opportunities for expansion of its range of electronic-related accessories and enhancing design capabilities in this field.

BULMER MAY BUY AQUALAC SHARE

Following the recent announcement by Cadbury Schweppes that the group is giving up the 30 per cent shareholding in Aqualac (Spring Waters) and the selling and distribution of Perrier brands in the UK, H. P. Bulmer and Aqualac announce that discussions are at an advanced stage whereby Bulmer will acquire 30 per cent of the ordinary shares of Aqualac at par for a cash payment of £15,000.

The majority shareholding in Aqualac will continue to be held by Source Perrier. It is intended that from April 30, 1979, Bulmer will undertake the selling and distribution of Perrier brands in the UK with Aqualac remaining responsible for marketing. The brands include Perrier, Vichy and Contrex.

DAWNAY DAY

Negotiations have reached an advanced stage for the sale of Melbourne Hart and Co., a cigar importer, at present a Philip *Morris subsidiary, to Dawnay Day Group* for something over £1m cash.

NEIL & SPENCER

Following the issue of new shares at Neil and Spencer to pay for acquisitions and the reversion of deferred shares, Mr. M. Armitage, Baring Brothers and Co., Outwich Investment Trust, and County Bank Smaller Companies Exempt Fund, no longer have 5 per cent or more of the issued share capital of the company.

The only such interest of which the company has been advised is Mr. J. P. Spencer, who holds 389,500 shares (8.6 per cent).

British Land raises further £25m

BY ANDREW TAYLOR

British Land, the property group which also owns retailers Dorothy Perkins, has announced a further package of deals and *disposals raising £25m.* The group has now raised £40m through various transactions since last September.

It has completed the sale of Langham Estate in central London for £9m cash. It acquired Langham when it bought Kingsmere Investment Company last September in a shares and cash deal worth £4.3m. The estate extends over 17 acres and comprises 174 freehold residential and office properties.

The group has raised a further £11.1m cash lump sum from the renegotiation of lease terms at the former Derry and Toms store in Kensington High Street, London. And has sold its freehold interest in Canning House, Edinburgh, for £2.7m to BSC Pension Fund Nominees. This follows a rent review lifting the annual rental from around £40,000 to £200,000.

Chairman, Mr. John Ritblat, says that part of the £40m raised since September will be used to reduce the group's debt —net debt of £125m compared with shareholders' funds of £62m was shown in the last accounts for the year ending March 31, 1978. The remainder of the money will be added to the cash resources.

Mr. David Wilson, company secretary, says that British Land intends at this stage to reduce its debts by about £9m. He said the group was now in a much healthier state and the sales reflected the rising value of the group's properties.

NTHN ENGINEERING

Northern Engineering Industries has agreed terms for the sale of its holding in Anglo Great Lakes Corporation of Newburn Haugh, Newcastle upon Tyne, to Great Lakes Carbon Corporation of New York. Completion is subject to Government approval.

Chas. Clifford runs into £470,912 loss

BY TIM DICKSON

Charles Clifford Industries, the *non-ferrous metal manufacturer,* headed by Mr. Oliver Jessel, has reported a £470,912 loss before tax for 1978. Last time, there was a £37,323 profit.

This follows a £282,000 loss at six months, against an £35,000 profit. Sales in 1978 fell £985,000 to £9.71m.

The loss was struck after exceptional debits of £299,593, of which £121,593 represented payments to former directors of the holding and subsidiary companies. Stock provisions totalled £178,000.

The results are the first since last July's major boardroom reshuffle. Using the vehicle of the former Sri Lankan tea company Chirimace, Mr. Jessel at that stage acquired a 29.4 per cent stake in Clifford.

Shortly afterwards, Clifford's chairman, Mr. Charles Cooper—who is also chairman of Cooper Industries—together with Mr. John Cooper and two other directors, retired from the Board. The Cooper family and directors still hold just under 30 per cent of Clifford.

Last night, Mr. T. A. Lewis, a director, said the former directors who have received compensation include members of the main Board. He said the payments reflect the large number of service contracts granted to former employees.

Clifford's results also reveal that the company has increased the provisions made at the time of the November rights issue from £335,000 to £460,000.

The directors, however, repeat their promise made then that they expect to be able to recommend a dividend of 7½p per share for 1979. The last dividend of 3p per share was final in respect of 1976.

Commenting on the company's trading, Mr. Lewis said: "When we arrived in August we found that Clifford was losing £30,000 a month which is something you can't turn round overnight."

Various measures have now been implemented and, despite adverse conditions, the company operated at a profit in the first quarter of 1979.

Mr. Lewis also maintained that the markets for Clifford's products provided plenty of opportunity — "as long as the deliveries and quality are there."

Losses per share are shown at 44.27p (earnings of 3.27p), while adjusted assets (after adding in the property surplus over book value) have fallen from 371.83p to 240.76p per share. There is a tax credit of £65,326 (£49,026).

29 companies wound up

Orders for the compulsory winding-up of 29 companies have been made by Mr. Justice Vinelott in the High Court. They were:

Motor Vehicle Credit Company, Cheshire Trucking and *Shipping Company,* Cheshire Overseas Export (Jackson), Gilt Finance (UK), Wayman Funeral Service, Western Oil Exploration Services, Aphrodite Investment, Bridenbrook (Properties), Maryland Tool Company, T. Coyne and Co.

Valfress, Skills (Building Contractors), Ruskcourt, Justmark Property and Investments, Worksafe, D. Goldstein (Hardware), Tony Wentworth Suede, Dudlynn, Peter Powell Kites.

Fretten Remainders, Swbrugh, Elyse Fashion Designs, Allen and Stokes, Godwins Lawrence, Apec Plastic Systems, Simphic Developments, C. Linder, White Falcon (UK), and Manhurst Builders.

CURRENCIES, MONEY and GOLD

THE POUND SPOT AND FORWARD

April 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0985-2.1065	2.1015-2.1025	0.30-0.20c pm	1.43	0.50-0.40 pm	0.85
Canada	2.4060-2.4195	2.4105-2.4115	0.30-0.20c pm	1.24	0.40-0.30 pm	0.58
Nethlnd.	4.29-4.33	4.30½-4.31½	2¼-1¼c pm	4.25	5-4 pm	3.18
Belgium	63.00-63.60	63.10-63.20	28-18c pm	4.37	60-50 pm	3.48
Denmark	11.07-11.15	11.05¾-11.09¾	1¼ore pm-¾ore dis	0.27	2¾-½ pm	0.54
Ireland	1.0380-1.0460	1.0415-1.0425	0.15-0.25p dis	−2.30	0.4-0.55 dis	−1.82
W. Ger.	3.97-4.02	3.99-4.00	2¼-1¼pf pm	7.13	6¾-5¾ pm	6.26
Portugal	102.25-102.95	102.35-102.65	50-110c dis	−9.37	140-260 dis	−7.80
Spain	143.95-144.50	144.10-144.20	20c pm-30c dis	−0.42	25pm-75dis	−0.69
Italy	1,765½-1,775½	1,765½-1,766½	2-4 lire dis	−2.04	4½-6½ dis	−1.25
Norway	10.78½-10.88½	10.79½-10.80½	3½-1½ore pm	2.78	5¾-3¾ pm	1.76
France	9.13½-9.19½	9.14½-9.15½	3¾-2¾c pm	4.26	8¾-7¾ pm	3.61
Sweden	9.18½-9.28½	9.22½-9.23½	3-1ore pm	2.60	5¾-3¾ pm	1.84
Japan	446-451	446-447	3.15-2.85y pm	8.06	7.40-7.00 pm	6.45
Austria	29.20-29.45	29.28-29.33	20-10gro pm	6.14	50-40 pm	6.74
Switz.	3.60-3.64½	3.60¾-3.61¾	3¾-2¾c pm	10.80	9¾-8¾ pm	10.10

Belgium rate is for convertible francs. Financial franc 64.15-64.25. Six-month forward dollar 0.57-0.52c pm: 12-month 1.10-1.00c pm.

THE DOLLAR SPOT AND FORWARD

April 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0985-2.1065	2.1015-2.1025	0.30-0.20c pm	1.43	0.50-0.40 pm	0.88
Ireland†	2.0150-2.0200	2.0150-2.0200	0.65-0.40c pm	3.12	1.20-0.95 pm	2.13
Canada†	87.08-87.25	87.15-87.25	0.06-0.04c pm	0.70	0.10-0.05 pm	0.34
Nethlnd.	2.0470-2.0520	2.0500-2.0520	0.70-0.60c pm	3.80	1.80-1.70 pm	3.41
Belgium	30.02-30.06	30.02-30.04	8½-7½c pm	3.20	23-21 pm	2.66
Denmark	5.2720-5.2885	5.2780-5.2830	0.25c pm-0.25 dis	—	par-0.50 dis	−0.19
W. Ger.	1.8945-1.8990	1.8980-1.8990	0.93-0.83pf pm	5.56	2.62-2.52 pm	5.41
Portugal	48.60-48.90	48.70-48.80	35-50c dis	−10.46	100-165dis	−10.87
Spain	68.55-68.65	68.60-68.65	30-40c dis	−6.12	75-85 dis	−4.66
Italy	841.50-842.40	842.10-842.40	1.50-2 lire dis	−2.49	3.70-4.20dis	−1.87
Norway	5.1400-5.1620	5.1400-5.1410	0.90-0.40ore pm	1.52	1.55-1.05 pm	1.01
France	4.3490-4.3585	4.3570-4.3585	1.25-1.15c pm	3.30	3.05-2.85 pm	2.71
Sweden	4.3830-4.3915	4.3905-4.3915	0.70-0.50ore pm	1.64	1.55-1.35 pm	1.32
Japan	212.30-213.20	212.30-212.50	1.23-1.13y pm	6.67	3.00-2.85 pm	5.51
Austria	13.90½-13.94½	13.94-13.94½	7-6¾gro pm	5.70	19½-17½ pm	5.31
Switz.	1.7175-1.7200	1.7190-1.7200	1.45-1.35c pm	9.77	4.20-4.10 pm	9.65

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

April 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.611744	0.658327
U.S. $	9½	1.27775	1.33519
Canadian $	11¼	1.47005	1.53413
Austria Sch.	3¾	—	18.64525
Belgian F.	6	38.4283	40.1557
Danish K.	8	6.75610	7.06846
D mark	4	2.43284	2.54219
Guilder	5½	2.61811	2.73446
French Fr.	9½	5.57227	[illegible]
Lira	10½	—	1126.90
Yen	3½	273.950	286.464
Nrwgn. K.	7	6.57722	6.89689
Spanish Pes.	8	87.5770	91.5270
Swedish Kr.	6½	5.58977	5.87642
Swiss Fr.	1	2.20437	[illegible]

CURRENCY MOVEMENTS

Apr. 10	Bank of England Index	Morgan Guaranty changes %
Sterling	67.8	−36.7
U.S. dollar	85.4	−8.5
Canadian dollar	82.4	−15.2
Austrian schilling	144.6	+18.7
Belgian franc	113.7	+13.8
Danish kroner	116.5	+5.7
Deutsche Mark	148.5	+40.8
Swiss franc	192.3	+79.6
Guilder	124.1	+19.9
French franc	98.6	−6.9
Lira	54.9	−48.7
Yen	136.0	+34.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER MARKETS

Apr. 10	£	$		£ Note Rates
Argentina Peso	2458-2478	1169-1179	Austria	29-30
Australia Dollar	1.8890-1.8930	0.8990-0.9005	Belgium	63½-64½
Brazil Cruzeiro	48.04-49.04	22.85-23.35	Denmark	11.08-11.18
Finland Markka	8.41-8.42	4.0010-4.0060	France	9.10-9.20
Greek Drachma	76.689-78.543	36.484-37.366	Germany	3.95-4.05
Hong Kong Dollar	10.6938-10.7175	5.0550-5.0600	Italy	1,750-1,790
Iran Rial	150.25-156.50	72-75	Japan	447-457
Kuwait Dinar (KD)	0.577-0.587	0.2769-0.2771	Netherlands	4.25-4.35
Luxembourg Frc.	63.18-63.20	30.54-30.56	Norway	10.78-10.88
Malaysia Dollar	4.6580-4.6590	2.2160-2.2210	Portugal	95-102
New Zealand Dlr.	1.9895-1.9855	0.9465-0.9495	Spain	143.40-145.40
Saudi Arab. Riyal	7.05-7.15	3.3608-3.3813	Switzerland	3.60-3.70
Singapore Dollar	4.6180-4.6290	2.1970-2.2020	United States	2.1000-2.1100
Sth. African Rand	1.7725-1.7825	0.8430-0.8480	Yugoslavia	42-45½

Rate given for Argentina is free rate.

Pound improves despite selling

Sterling remained very firm in the foreign exchange market yesterday, shrugging off a large selling order from Germany as the pound moved above DM 4.0 in the morning. Sterling touched a high point of DM 4.02, but lost ground sharply around mid-day, only to recover in the afternoon, and close at DM 3.9950, compared with DM 3.9900 previously. The pound was also very strong against the French franc, rising to FFr 9.1950, before closing at FFr 9.1500, compared with FFr 9.1325.

Sterling's trade-weighted index, as calculated by the Bank of England, touched 68 per cent in the morning, the highest level since March 1976, but eased to 67.7 at noon, and closed at 67.8, compared with 67.6 previously.

The pound opened at $2.1035-2.1045 against the dollar, the best level of the morning, but eased to $2.0965-2.075 at mid-day, following the selling pressure from Germany. In the afternoon sterling picked up on demand from New York, and touched a high point of $2.1055-2.1065, before closing at $2.1015-2.1025, a rise of 80 points on the day.

The dollar's trade-weighted index, on Bank of England figures, fell to 85.4 from 85.7. The U.S. currency fell to DM 1.8990 from DM 1.9045 against the D Mark, to Y212.40 from Y214.30 against the Japanese yen, and to SwFr 1.7175 from SwFr 1.7265 against the Swiss franc.

The Italian lira lost ground in terms of its ECU central rate, but remained the strongest currency in the European Monetary System. The Belgian franc was the weakest member of the system once again.

The Irish punt continued to ease, falling to $2.0175 from $2.0190 against the dollar, and also lost ground against most members of the EMS. It fell to DM 3.8322½ from DM 3.8460 against the D-mark; to FFr 8.7900 from FFr 8.8060 against the French franc; to L1700 from L1703 against the Italian lira; to DKr 10.65 from DKr 10.67 against the Danish krone; and to BFr 60.62½ from BFr 60.75 against the Belgian franc. The Irish currency rose slightly to Fl 4.1380 from Fl 4.1350 in terms of the Dutch guilder however.

Frankfurt—The dollar was fixed at DM 1.8952 against the D-mark, compared with DM 1.9040 previously. The Bundesbank did not intervene. Sterling moved up to DM 3.9940 from DM 3.9830. The pound touched DM 4.0180 in early trading yesterday.

Amsterdam—The dollar was fixed at Fl 2.0470, compared with Fl 2.0490 previously.

Paris—The dollar fell to FFr 4.35050 from FFr 4.36122 at the fixing, while the D-mark rose to FFr 2.2958 from FFr 2.2908.

Milan—At the fixing the dollar fell to L841.70 from L843.95.

Tokyo—Expectations of a rise in the Bank of Japan discount rate kept trading cautious. The dollar eased to Y213.67½ against the yen, from Y214.40 on Monday.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.2146	+1.92	+1.28	±1.53
Danish Krone	7.08592	7.06197	−0.34	−0.98	±1.635
German D-mark	2.51064	2.53942	+1.11	+0.47	±1.1325
French Franc	5.79831	5.82646	+0.49	−0.15	±1.35
Dutch Guilder	2.72077	2.74104	+0.75	+0.11	±1.5075
Irish Punt	0.662638	0.663064	+0.06	−0.58	±1.665
Italian Lira	1148.15	1127.91	−1.76	−1.76	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Apr. 10	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.102	3.995	446.5	9.150	3.613	4.310	1766.	—	63.15
U.S. Dollar	0.476	1.	1.901	212.4	4.355	1.719	2.050	840.3	—	30.04
Deutschemark	0.250	0.526	1.	111.8	2.290	0.904	1.079	442.1	—	15.81
Japanese Yen 1,000	2.240	4.708	8.947	1000.	[illegible]	8.091	9.653	3956.	—	141.4
French Franc 10.	1.093	2.297	4.366	488.0	10.	[illegible]	4.710	1930.	—	69.02
Swiss Franc	0.277	0.582	1.106	123.6	2.533	1.	1.193	[illegible]	—	17.48
Dutch Guilder	0.232	0.488	0.927	103.6	2.123	0.838	1.	409.8	—	14.65
Italian Lira 1,000	0.566	1.190	2.262	252.8	5.180	2.045	2.440	1000.	—	35.75
Canadian Dollar	—	—	—	—	—	—	—	—	—	—
Belgian Franc 100	1.584	3.328	6.326	707.0	14.49	5.721	6.825	2797.	—	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent: three months 10.45-10.55 per cent: six months 10.70-10.80 per cent: one year 10.55-10.65 per cent.

Apr. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11⅝-11⅞	10-10¼	9½-10½	7½-7⅞	1-1⅛	5⅛-5⅜	6½-6¾	20-27	—	1¾-3⅜
7 day's notice	11⅝-11⅞	10½-10⅝	9½-10½	6⅝-6⅞	1-1⅛	5⅛-5⅜	6⅝-6⅞	11¼-12¼	10⅛-10¼	2⅛-3⅞
Month	11⅝-11⅞	10¼-10⅜	10⅝-11	6¾-7	⅞-1	5⅛-5⅜	7½-7⅞	11½-12½	10¼-10⅜	[illegible]
Three months	11⅝-11⅞	10⅝-10⅞	10⅞-11⅛	7-7¼	1⅛-1⅜	5⅜-5⅝	7¾-8	11¾-12¾	10⅜-10⅝	[illegible]
Six months	11⅛-11⅜	10¾-11	10½-10⅞	7⅛-7⅜	1¾-1⅞	5⅜-5⅝	8¼-8⅝	12¼-13¼	10¾-10⅞	[illegible]
One year	10⅞-11	10½-10¾	10⅝-10⅞	7⅜-7⅝	2⅛-2¼	5⅜-5⅝	8⅝-9⅛	12½-13½	10½-10⅝	5⅜-6¼

Long-term Eurodollar deposits: two years 10⅝-10¾ per cent: three years 10¼-10½ per cent: four years 10-10⅛ per cent: five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates unchanged

The Belgian National Bank left the rate on four-month bond papers unchanged at yesterday's auction at 8.05 per cent. At the same time rates on one, two and three-month Treasury certificates were left at 7.5 per cent, 7.75 per cent and 7.90 per cent respectively. This tended to reinforce market sentiment that Belgium's key lending rates, the discount rate and "B" quotas and the Lombard rate, would all remain at their present levels after today's Central Bank council meeting, despite the poor performance of the Belgian franc with the European Monetary System.

Deposit rates for the Belgian franc (commercial) were quoted at 7⅝-7⅞ per cent for one-month and 7⅝-7⅞ per cent for three-month, both unchanged from Monday. Six-month deposits rose slightly to 8-8⅛ per cent from 7⅞-8⅛ per cent while the 12-month rate remained at 8⅛-8⅜ per cent.

FRANKFURT—Interbank money rates continued to show little change from Monday, with call money at 5.35-5.45 per cent, one-month money at 5.40-5.50 per cent, three and six-month money at 5.60-5.70 per cent and 5.70-5.80 per cent respectively and one-year money at 6.00-6.10 per cent.

PARIS—Money market rates were unchanged throughout from 6½ per cent for call-money through to 7⅝-7⅞ per cent for 12-month money.

AMSTERDAM — Call-money fell from 7½-7¾ per cent to 7-7½ per cent and one, three and six-month money rates all eased to 7½-7¾ per cent from a previous common level of 7⅝-7⅞ per cent.

HONG KONG — Conditions in the money market were initially tight, but eased during the afternoon. Call money was quoted at 10½ per cent, the same as overnight money.

NEW YORK — Fed funds were trading at 10-10¼ per cent after the authorities had reduced market liquidity by arranging two-day repurchase agreements. Treasury bills were quoted at 9.63 per cent for 13-weeks, 9.59 per cent for 26-weeks and 9.35 per cent for one-year.

UK MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Day to day credit remained in short supply in the London money market yesterday and the authorities gave assistance by buying a small amount of Treasury bills, all direct from the discount houses. The latter were paying 11⅛-11¾ per cent for secured call loans at the start with closing balances taken down to 10 per cent. The market was faced with a moderate net take up of Treasury bills to finance and a moderate increase in the note circulation. On the other hand banks brought forward balances a fairly large way above target.

In the interbank market overnight loans opened at 11⅝-11⅞ per cent and drifted down to 10-10½ per cent in very quiet conditions. Rates picked up soon after lunch to touch 11¾-12 per cent, dipped briefly to 10¾-11 per cent before finishing at 11½-12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Apr. 10 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-12	—	—	—	11½-11⅞	10-11¾	—	—	—
2 days notice	—	—	11½-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11½-11⅝	11⅝-11⅞	—	11⅞	12	11⅝-11⅝	—	—	—
One month	11¹¹⁄₁₆-11⅞	11⅝-11¹¹⁄₁₆	11⅝-11¾	11¾-12⅛	11¾	11⅞	11⅝	11⅞	11⅝	12¼
Two months	11⅝-11⅜	11⅝-11⅞	—	11⅝-11¾	11⅝	—	11⅝	11¼-11⅛	11⅞-11⅝	12⅛
Three months	11⅝-11¼	11⅝-11⅞	11¼-11⅜	10⅞-11¼	11½	11⅝	11¼	11⅞-11¼	11¼	12
Six months	11-10⅞	11⅛-11⅛	11⅛-11¼	10⅝-10⅝	11¼	—	—	—	10⅞	12
Nine months	10⅞-10⅞	10⅞-11⅛	—	10¾-11	11⅛	—	—	—	—	—
One year	10¾-10⅝	10⅞-11	10⅞-11	10¾-11	11	—	—	—	—	—
Two years	—	—	11⅛-11¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 11¾-11½ per cent; four years 11½-11¾ per cent; five years 11¾-11⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10⅞ per cent; four month trade bills 12 per cent.

Approximate selling rates for one-month Treasury bills 11⅜-11⅞ per cent; two-month 11⅜-11⅞ per cent; three month 11⅛-11¼ per cent. Approximate selling rate for one-month bank bills 11½ per cent; two-month 11⅝-11¾ per cent; and three-month 11⅛ per cent; one-month trade bills 12½ per cent; two-month 12 per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.1550 per cent.

GOLD

Easier trend

Gold lost ground in very quiet trading, closing at $238¾-239¼, a fall of $1½ on the day. It opened at $239¼-240, and touched a high point of $240-240¾, before declining to finish around the lowest level of the day. The krugerrand's premium over its gold content widened to 9.35 per cent from 8.48 per cent for domestic delivery, and to 3.50 per cent from 3.28 per cent in the international market.

	Apr. 10	Apr. 9
Gold Bullion (fine ounce)		
Close	$238¾-239¼ (£113.6-113.8)	$240-240¾ (£114.68-114.9)
Opening	$239¼-240 (£113.8-114.1)	$240¼-241 (£114.8-115.2)
Morning fixing	$239.60 (£114.079)	$240.00 (£114.910)
Afternoon fixing	$239.75 (£113.879)	$240.20 (£114.726)
Gold Coins, domestically		
Krugerrand	$259½-263½ (£123¼-125¼)	$258¾-262¾ (£123¼-125¼)
New Sovereigns	$68½-70½ (£32½-33¼)	$68-70 (£32½-33½)
Old Sovereigns	$73¾-75¾ (£35-36)	$73½-75½ (£35-36)
Gold Coins, internationally		
Krugerrand	$246½-248½ (£117¼-118¼)	$247¼-249¼ (£118-119)
New Sovereigns	$62¼-64¼ (£29½-30½)	$62½-64½ (£29¾-30¾)
Old Sovereigns	$73¾-75¾ (£35-36)	$73½-75½ (£35-36)
$20 Eagles	$318½-323½	$317½-322½
$10 Eagles	$183-188	$182½-187½
$5 Eagles	$121-126	$121-126

In Paris the 12½ kilo gold bar was fixed at FFr 33,900 per kilo (242.36 per ounce) in the afternoon, compared with FFr 33,875 ($241.58) in the morning, and FFr 33,875 ($241.59) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 14,610 per kilo ($239.78 per ounce) compared with DM 14,755 ($240.98) previously.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.0625
Treasury Bills (13-week)	9.63
Treasury Bills (26-week)	9.58

GERMANY

Discount Rate	4
Overnight Rate	5.40
One month	5.45
Three months	5.65
Six months	5.75

FRANCE

Discount Rate	9.5
Overnight Rate	6.5
One month	6.75
Three months	7
Six months	7.3125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.6875
Bills Discount (three-month)	5.375

AMERICAN NEWS

Decision day for Woolworth board

BY JOHN WYLES IN NEW YORK

BRASCAN'S proposed $1.125bn cash tender offer for F. W. Woolworth faces a crucial hurdle today when the directors of the retailing giant are due to decide their attitude to the bid.

Assuming that the Woolworth Board leans towards a desire to retain the company's 100-year-old independence, the decision may be a difficult one to make. Launched without warning on Monday, Brascan's $35 per share proposed bid offers a substantial 35 per cent premium over Woolworth's closing share price last Friday of $26, which followed a climb of 2¾ points during last week.

Trading in the shares will be suspended at Woolworth's request at least until today's meeting is concluded, but last Friday's price was the highest since 1977. However, it was still only a multiple of 5.9 times the company's 1978 earnings, and with this history of relative price weakness, some stockholders are bound to be attracted by Brascan's offer, which is only a dollar or so under Woolworth's book value.

Brascan's offer is being analysed by Woolworth's advisers, Kidder Peabody, two of whose representatives sit on the retailer's Board. Woolworth has also retained the New York law firm of Skadden, Arps, Slate, Meagher and From, seasoned campaigners in many a merger battle. No less seasoned is the rival firm of Watchtell, Lipton, Rosen and Katz, which has been retained by Lehman Brothers Kuhn Loeb, dealer managers for Brascan's offer.

The acquisition move by the diversified Canadian company has sparked some not entirely disinterested comment from Wall Street stockbrokers. They are pointing out that foreign companies have spotted much more accurately than American investors the fact that U.S. equities are cheap and are undervaluing the country's corporations.

The retailing sector has indeed been a particular focus for foreign companies bent on acquiring U.S. assets. In the last 12 months, Sir James Goldsmith's Generale Occidentale has acquired the southern grocery chain, Colonial Stores, and Agache-Willot, another French company, has bought Korvettes.

If Woolworth accepts the offer, or if it rejects it and Brascan presses ahead with an unfriendly bid, the affair could have an impact on the Dow Jones Industrial Average. Woolworth is one of its 30 constituent stocks, and any significant increase in its price would obviously be reflected by the average.

Weston bows out of battle for THE BAY

By Jim Rusk in Toronto

GEORGE WESTON has conceded defeat to the Thomson family in the first bidding war for control of Hudson's Bay Company. The concession was made in a brief statement that said that Weston is not formally withdrawing its offer for the Bay but has decided not to increase its bid.

Mr. Mark Hoffman, senior vice-president of finance for Weston, said the statement represents, "a recognition that under the circumstances the Thomson offer is likely to succeed."

The Thomson offer, of C$37 a share for 75 per cent of the Bay shares, was accepted by the Bay's board on Sunday.

Weston's last offer, announced last Thursday, was for between 45 and 60 per cent of Bay shares at C$40 a share. The Weston statement said that because the Thomson offer is unconditional and expires on April 17, and because the Weston offer is conditional on the acceptance by holders of at least 45 per cent of the Bay's stock, many shareholders would prefer to accept the Thomson offer. The statement added that these shareholders should now, in the absence of a better offer, accept the Thomson bid.

Stock market analysts said that Weston could only justify raising its bid by going for 100 per cent control of the Bay, and this would be impossible without the support of the Bay board and insiders.

Celanese sells polyester division

NEW YORK — American Hoechst Corporation, a subsidiary of Hoechst of West Germany, has agreed in principle to buy the fixed assets of Celanese Corporation's polyester film division for about $75m and certain current assets for an undisclosed sum.

The companies said the sale includes the polyester film and resin manufacturing, research and development and administrative facilities at Greer, South Carolina, and certain technology and patent rights.

The proposed sale, which is subject to the execution of a definitive agreement and approval by both companies' directors, is expected to be concluded by the end of 1979, at which time American Hoechst will pay Celanese $60m cash, with the remainder to be paid over a five-year period.

It is planned that the nearly 900 Greer employees and the polyester film field marketing staff will become employees of American Hoechst.

"The sale will not alter the Celanese long-range commitment to the engineering resins and Petpac polyethylene terephthalate resin businesses of the Celanese Plastic Materials Company," according to Celanese.

American Hoechst, already a major employer in SC where it produces Trevira polyester fibre and filament, said the acqusition of the polyester film business is consistent with its diversification plans.

The proposed agreement provides that American Hoechst will supply Celanese with polyester resin for soft drink bottles for up to five years. In addition, production capacity for Petpac resin will be built by Celanese at the Fiber Industries plant at Palmetto, Darlington, S.C. It is also planned that the Celgard microporous film product line will be continued at its Summit N.J. location.

The sale is not expected to have any significant effect on Celanese 1979 income. Sales of the film business in 1978 were $56m, about 2 per cent of total Celanese sales.

Agencies

RESULTS IN BRIEF

Improvement for Mellon

BY OUR NEW YORK STAFF

MELLON National Bank of Pittsburgh, the first major bank to report for the first quarter of 1979, said its income before securities transactions had risen 23 per cent to $24.2m from $19.7m in the same period last year. This was equivalent to a rise from $1.01 to $1.23 per share.

Income after securities transactions rose 23 per cent, from $18.6m to $22.9m.

Agencies add from New York: International sales for Baxter Travenol Laboratories were particularly strong in the first quarter rising 33 per cent to $95.3m whereas domestic sales increased 15 per cent to $179.6m. The medicines group improved net earnings to $25.7m or 70 cents per share diluted from $20.77m or 58 cents for the corresponding first quarter.

First quarter sales for Libbey-Owens-Ford, the glass, fluid systems and plastics group, surged to $318.5m from $262.5m surged to $318.5m from whereas net earnings for the quarter improved to $21.1m or $1.85 per share from $13.7m or $1.13 per share.

Earnings boost for Whirlpool

NEW YORK—Whirlpool Corporation, the major manufacturer of refrigerators and other household appliances, managed to get earnings moving up again in the first quarter of the current year. Net earnings of $26.5m showed a gain of 5 per cent, and sales of $509.8m showed a similar advance. Per share earnings of 73 cents compared with 70 cents last time.

Declining unit and dollar sales cut into earnings last year, when the year-end earnings total was some 18 per cent down at $99.6m.

Agencies

Boom in shares on Mexico's exchange

By William Chislett in Mexico City

INVESTORS ARE flocking to the Mexican Stock Exchange (Bolsa Mexicana de Valores) with the same fervour with which fortune-seekers followed the Californian gold rush. The 30-stock Price Index of the small exchange increased by 258 per cent between January, 1978, and the end of March, making it the world's fastest growing market. The average value of stocks was tripled.

The growth has been phenomenal, but from a low base. Company profits after the devaluation were greatly depressed and in many cases turned into losses. In 1977, and more so last year, the private sector started to return to predevaluation profit levels.

"The growth of the price index is to a large degree the recuperation of profits, the recuperation of the private sector from the crisis of 1976, but there has also been real growth," said Sr. Gustavo Preticioli, president of the National Commission of Securities, the Mexican equivalent of the U.S. Securities and Exchange Commission.

There are many factors in Mexico's fast-developing, oil-rich economy which could lie behind the market boom, but, as one stockbroker put it, "the supreme element is psychological and when that happens all the rules go out of the window."

The reasons for the growth which can be pinpointed are:

1—High taxes on profits, real estate and income contrasting with complete absence of capital gains taxes on profits made from share trading. This is the carrot offered by the Government in its new policy of promoting a stronger capital market.

2—Inflation (16 per cent in 1978 and 6 per cent in the first quarter of 1979) is still eroding the value of peso and dollar interest rates on bank deposits. Interest rates for long term deposits have been revised upwards but are still negative.

3—Companies cannot expand at the rate now needed by means of short term revolving bank credits, and so some companies are turning to making public share offerings.

But over and above this there is the psychological factor. Confidence in the peso, which was devalued in 1976 after 23 years of unrestricted parity with the dollar, is now booming. The discovery of oil reserves has brightened Mexico's uncertain star.

Investors in Mexico are looking at stocks from the concept of the decade of sustained economic growth, promised by the National Industrial Development Plan.

The Plan specifies how the oil wealth will be used and predicts GDP increases averaging 7 per cent a year until 1982 and possibly as much as 10 per cent from then until 1990. The exports of Pemex, the State-owned oil monopoly, will be worth about $3.5bn this year, half the total amount of the country's exports.

"The Share Price Index cannot go on increasing at the same rate," Sr. Mario Segura, the Director General of the Stock Exchange, told me. "It has to level off." This is the general feeling, but there are no signs yet that the growth rate of the index will slow down. The index rose by 59 per cent during the first 35 days of this year.

The Government is attaching great importance to the development of the Stock Exchange, after leaving it beneath the shadow of banks for so long. After Sr. Jose Lopez Portillo took office at the end of 1976, following the devaluation, measures were quickly taken to start this process.

Apart from fiscal incentive, the Government also demands that 5 per cent of the savings deposits of commercial banks be channelled towards stockbroking houses. The Stock Exchanges in Monterrey and Guadalajara were closed down because it was felt that it made no sense to have regional exchanges, when the national one in Mexico City was so small and weak. Their existence only restricted the development of the stock market and caused price distortions.

The Government has also promoted the need for greater professionalism in stockbroking houses and is exercising stricter control over stock issues. There are now 300 people working in the National Commission compared to about 40 three years ago.

Later this year, the first school of its kind in Mexico, the Instituto del Mercado de Valores, will start to train aspiring stockbrokers. In 1976, there were seven stockbroking firms. Last year there were 70 and the number is expected to grow to 120 this year.

Many banks which, before the devaluation were only able to offer one service, have since taken advantage of the law to become "multiple" banks. The major banks now have [illegible]

EUROBONDS

Rise in London Interbank rate hits dollar sector

BY FRANCIS GHILES

PRICES OF dollar denominated bonds eased across the board yesterday by between ⅛-⅜ of a point. Apart from the weakness of the New York bond market on Monday, the other bearish factor at work was the increase in the six month London interbank rate from 10⅝-¾ per cent on Monday to 10⅞-11 per cent yesterday.

In the Floating Rate Note sector the $50m issue for Banco di Roma was priced at par with indicated conditions—an eight year maturity and a minimum coupon of 6 per cent—unchanged by the lead manager Credit Lyonnais. The $40m straight issue for Comalco is expected to be priced at par today.

In the Swiss franc sector, large selling orders pushed the prices of most public issues down, in a number of cases by as much as 1½ points. The American Express International 3½ per cent bonds of 1993 dropped by 1½ points to 94⅞-95⅜.

Some issues, however, moved up slightly: this was the case with the recent Australia and Canada bonds which closed at 96¼, up a ¼ of a point on the day. The Lonrho issue which was traded for the first time was quoted at 99½-99¾. This is a far better performance than most recent public issues but then the terms offered to investors are more attractive.

The reasonable performance of the Lonrho issue suggests that coupons of 5 per cent for 10 years will be the norm for good but not prime quality borrowers if the big three Swiss banks decide to lift the freeze they imposed up to Easter on new public issues.

Meanwhile the flood of Japanese convertibles continues but with a marked upward move in the coupons. A SwFr 40m convertible for Clarion arranged by Swiss Bank Corporation becomes the first Japanese convertible in this sector to carry a 4 per cent coupon for a long time. Other terms include a maturity of five years and six months. Credit Suisse has arranged a five-year SwFr 80m convertible for Fujitsu which carries a coupon of 3¾ per cent.

Swiss Volksbank has arranged a SwFr 30m convertible for Tokyo Hotel Chain with a maturity of five years and eight months and a coupon of 3⅞ per cent. Union Bank of Switzerland has arranged a SwFr 80m convertible for Mitsubishi Electric which includes a coupon of 3¾ per cent and a maturity of five years and 11 months.

The same bank has completed a SwFr 100m note issue for Nippon Kokan. These notes mature in five years and carry a coupon of 4 per cent. They have been priced at 99½.

In the Deutsche-Mark sector prices were again weaker yesterday. The DM50m five year convertible for Fujitsu was priced at par with the indicated coupon, 5 per cent, unchanged.

The Y10bn issue for Eurofima was quoted at 95-96 by the lead manager Daiwa, in its first day of trading. Some in the market were critical of the lead manager's decision only to quote a price to members of the syndicate which underwrote the issue. The lead manager said this tactic was being used for the time being to protect the price of the bond. This issue has, according to a number of managers of the issue proved extremely difficult to place.

The SDR 50m issue for Finland which carries a coupon of 8¾ per cent for five years was expected to be priced at a small discount by the lead manager Credit Suisse First Boston.

Scheme to improve marketability of CDs

BY DAVID LASCELLES IN NEW YORK

REFLECTING growing competition among banks for funds—particularly from abroad—Moody's Investors Services, the major New York rating agency, has announced plans to rate large denomination Certificates of Deposit so as to increase their marketability.

The other rating agency, Standard and Poors, says it is also considering such a move.

At the moment, these agencies confine most of their rating activities to bonds and other fixed income securities.

Moody's says it will start rating CDs of $100,000 or more maturing in less than nine months. This would cover a large proportion of total CD issues.

Banks issue CDs to their corporate customers who deposit large sums with them for a specific period. These CDs are then traded in a secondary market at prices reflecting the short term cost of funds. Foreign banks currently seeking to enter the U.S. market would probably need a rating to gain favour with U.S. investors, market sources noted yesterday, particularly institutional investors who are restricted as to where they can place their funds.

Sharon Steel backs down over UV plan

By Our New York Staff

SHARON STEEL, headed by Mr. Victor Posner, has backed down in its struggle for control of UV Industries, the manufacturing concern whose liquidation plan it contested bitterly last month.

The two companies announced that all legal proceedings would be dropped and that Sharon would no longer contest UV's liquidation, though it remained opposed to the plan in principle.

UV also announced the first pay-outs in its liquidation plan which is expected to realise close on $500m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on April 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bayer Int. F. XW 7¾ 89	200	84½	84⅞	−0⅛	0	9.75
CECA 9¼ 84-99	50	96¼	96⅝	0	+0¼	9.75
Canada 9 83	400	96	96½	0	+0¼	9.71
Canada 9¼ 98	350	96⅞	97⅜	−0⅛	+0¼	9.81
Dow Chem. O/S 9⅜ 94	200	97⅜	98⅜	0	+0¼	9.80
EIB 9¼ 88	125	94¾	95⅛	0	+0½	9.84
EIB 9¾ 86	150	99¾	100¼	−0⅛	+0½	9.85
EIB 9⅞ 99	100	98⅞	100¼	−0⅛	−0⅛	10.10
Export Dv. Cpn. 9.85 84	150	100½	101	−0⅛	0	9.87
Export Dv. Cpn. 9¼ 84	100	97¾	98⅛	0	0	9.77
Eksportfinans 9 86	50	96¼	96¾	−0⅛	0	9.66
Finland 9 88	100	95⅞	96⅜	−0⅛	0	9.96
Finland 9½ 86	100	97⅜	98⅛	−0⅛	+0¼	9.91
GTE Fin. 9⅝ 84	50	98⅛	98⅝	0	+0¼	9.89
Gould Int. Fin. 9⅜ 85	90	99¾	100¼	0	+0¼	9.74
Hospital O/S 9 83	25	97⅜	98⅛	0	+0¼	9.58
Hudson Bay Co. 10 94	50	100⅞	101⅜	0	+0¼	9.84
Itel Finance 9½ 90	30	94⅛	94⅞	−0⅛	−0⅛	10.56
J. C. Penney 8½ 83	100	96¼	96¾	−0⅛	−0⅛	9.50
Manitoba 9¾ 88	75	97¾	98¼	+0⅛	+0⅛	9.82
New Brunswick 9⅜ 84	75	98⅛	98⅝	−0⅛	+0⅛	9.96
Newfoundland 10 94	50	99⅛	99⅝	0	+0⅛	10.06
Norsk Hydro 9½ 84	50	95⅜	95⅞	−0⅛	0	9.81
Norway 9⅝ 84	150	100¼	100⅜	−0⅛	−0⅛	9.84
Portland 10 84	50	97½	97⅞	−0⅛	+0¼	10.63
Redland Fin. XW 9½ 91	25	93⅛	93⅝	+0⅛	+0⅛	10.47
Sears Roebuck 9 82	100	98½	99	−0⅛	+0⅛	9.50
Stockholm 9¾ 94	50	100	100½	−0⅛	+0¼	9.35
UK 8⅞ 93	150	96¼	96¾	−0⅛	−0⅛	9.88

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 6½ 87	70	93	93¾	−0¼	−0¼	6.61
Argentina 6½ 88	150	93⅜	94⅜	+0¼	+0¼	7.39
Australia 6 88	250	97¼	97⅞	−0⅛	−1	6.34
Austria 6½ 90	150	91½	92½	−0⅛	0	6.75
Banco Desarrollo 7¼ 86	100	97½	98	−0⅛	−0¼	7.68
Bankamerica 6½ 90	150	93¼	94⅛	−0⅛	−1	6.57
Bq. Ext. Algeria 7¾ 85	100	96⅜	96⅞	−0⅛	−0¼	7.82
Brazil 7⅜ 87	150	99⅜	99⅞	−0⅛	−0¼	7.31
CECA 6 88	150	95	95½	−0⅛	−0⅛	6.68
Ch. Manhttn. O/S 6 93	100	97¼	97⅞	−0⅛	−0¼	6.25
Copenhagen City 6 90	75	92¼	92¾	−0⅛	−0½	6.96
Council of Europe 6¾	130	95⅞	96⅜	+0¼	+0¼	6.79
Denmark 5¾ 85	100	96½	97	−0¼	0	6.43
Denmark 6½ 89	100	96½	97	−0⅛	+0¼	6.96
EIB 6 90	300	92½	93	−0⅛	−0¼	6.93
EIB 6½ 91	200	95⅞	96¼	−0⅛	−0½	6.99
Eletrobras-Brazil 7 87	100	96⅜	96⅞	−0⅛	−0⅛	7.63
Eurofima 6½ 89	100	100¼	101¼	−0⅛	+0¼	6.36
Finland 6 83	150	99	99½	−0⅛	−0⅛	6.15
Hitachi Ship. 5½ 83	50	97¾	98	−0⅛	−0⅛	6.34
Indonesia 7 84	100	96⅞	97⅜	−0⅛	−0⅛	7.62
Kobe, City of 5¾ 86	100	96½	97¼	+0¼	−1⅛	6.32
Mogal Fin. 7 89	150	99⅛	99⅞	0	+0⅛	7.05
Mitsubishi Petro. 5½ 85	100	96⅛	97¼	−0⅛	−1⅛	6.35
New Zealand 6¼ 87	200	99¾	100	+0⅛	0	6.31
Nippon Kokan 7½ 84	100	99⅛	99¾	−0⅛	−0¼	7.65
Nippon Steel 5½ 85	100	95¼	96⅛	−0⅛	−2	6.58
Nippon Tel. & T. 5⅞ 87	100	93⅞	94	−0⅛	−0⅛	6.56
Nordic Inv. Bk. 6¼ 86	60	97⅜	98⅛	−0⅛	−0⅛	6.62
Norges Komm. 6 90	100	94½	95	0	−0¼	6.67
Norges Komm. 6½ 88	150	97	97½	−0⅛	−0⅛	6.64
Norway 6¼ 84	200	100⅞	101⅜	−0⅛	+0¼	5.98
Occidental 6¾ 90	150	96⅛	96⅝	−0⅛	+0½	7.21
OKB 6⅞ 88	100	98½	99	−0⅛	−0⅛	6.57
OKB 6 87	40	97	97¾	−0⅛	−0⅛	6.43
Petrobras Brazil 7 88	100	97½	98	−0⅛	−0¼	7.33
Ricoh 5¾ 83	30	96⅞	97¼	+0¼	−0⅛	6.08
Statoil 6 88	150	95¼	96⅛	0	−0⅛	6.62
Statoil 6½ 89	150	97⅜	98⅛	0	+0⅛	6.80
UDS Group 5¾ 83	55	96⅜	97⅛	−0⅛	−0⅛	6.58
Union Bank-Finn 6½ 86	50	93⅛	94⅛	−0⅛	−0½	7.38
Venezuela 6½ 90	150	91⅛	91⅝	−0⅛	−0⅛	7.64
World Bank 6¼ 88	400	95½	96	−0⅛	−1	6.88

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	103½	103⅞	−0⅛	−0⅛	4.79
Amer. Exp. Int. 3½ 93	40	94⅛	95½	−1⅛	−1⅛	3.95
Asian Dev. Bank 3½ 94	100	88⅛	88½	−0⅛	−0¼	4.60
Austria 3¾ 93	100	94⅛	94⅝	−0⅛	+0¼	4.01
Australia 3¾ 89	250	96	96¼	0	+1¼	4.11
Brazil 4½	100	98⅛	98⅝	−0⅛	−0¼	4.46
Canada 3¾ 89	300	96¼	96½	+0½	+1⅛	4.09
Chase Manhattan 4 93	70	98⅛	99	0	−1⅛	4.10
Council of Europe 4¼	100	98⅛	98⅝	−0⅛	−1⅛	4.43
Bankamerica 3¾ 93	80	95¼	95⅞	−0⅛	−2	4.16
BNDE 5 88	75	99⅞	100¼	−0⅛	−0¼	5.00
Denmark 4½ 90	100	99¾	100	+6	+5¾	4.51
EIB 4¼ 93	100	97½	97¾	−0⅛	−0⅛	4.48
Euratom 4¼ 93	80	97⅝	98⅛	+0⅞	+0¼	4.44
F. L. Smidth 4½ 89	25	99	99½	0	−0¼	4.59
Finland 4½ 93	80	98¼	98⅞	−0⅛	−0⅛	4.63
GZB 4½ 93	100	99⅛	99⅜	−0⅛	−0⅛	4.57
Heron 4¼ 89	35	96⅛	96⅝	−0⅛	−1	4.73
ICI Fin. NV 3½ 94	230	92	92¼	−0⅛	0	4.22
Malaysia 4¾ 90	80	97⅞	98¼	−0⅛	−0¼	4.96
New Zealand 3½ 94	120	91⅞	92½	−0⅛	−0⅛	4.24
Norges Komm. 4¼ 90	100	[illegible]	98¼	−0⅛	−1	4.35
OKB 3¾ 91	100	94	94¼	−0⅛	+0⅛	4.39
Oy Nokia 5 90	20	99⅞	100⅜	−0⅛	−1⅛	4.98
Philippines 4¾ 89	50	97⅛	97⅝	−0⅛	+0⅞	5.08
Sandvik 4 90	85	95⅞	96¼	−1⅛	−1⅛	4.43
Spain 4 91	100	94⅛	95	−0⅛	−0⅛	4.57
Voest-Alpine 4½ 93	100	89⅛	89⅞	0	−0⅛	4.53
Vienna 4 93	100	97⅜	98¼	−0⅛	−0⅛	4.19
World Bank 4¼ 93	250	99¾	100	+0½	+0¼	4.26

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5¼ 88	15	84¼	85¼	0	−1	8.73
Australia 5.6 83	30	94	95	+0½	−0⅛	7.13
Australia 6⅞ 88	20	91⅜	92⅜	0	−1¼	7.81
Finland 5.6 83	10	92⅞	93⅞	+0½	−0⅛	7.42
Finland 6.8 88	10	92¾	93¾	0	−0⅛	7.87

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Panama 8¼ 93 EUA	20	96	96½	0	0	8.8
SDR France 7 93 EUA	22	94⅜	95⅞	0	−0⅛	7.8
Algemene Bk. 6½ 83 Fl	75	96⅛	96⅝	+0¼	+0½	7.4
CFE Mexico 7¼ 83 Fl	75	97⅛	98¼	0	−0⅛	8.2
EIB 7¼ 85 Fl	75	94½	95¼	0	−0⅛	8.2
Ned. Middbk. 8¼ 84 Fl	75	99⅞	100⅝	+0⅛	+0⅛	8.1
New Zealand 8¼ 84 Fl	75	94¼	95¼	+0¼	0	8.0
Norway 8¼ 84 Fl	100	100½	101½	+0¼	+0¼	7.9
Elf Aquitaine 9¼ 88 FFr	150	98⅞	99¾	+0¼	+0¼	9.8
EIB 9½ 88 FFr	200	99	99⅞	+0¼	+0½	9.8
Norway 9¼ 84 FFr	200	99¼	100⅛	+0¼	0	9.2
PSA Peugeot 9¾ 87 FFr	175	98¼	99⅞	+0¼	0	9.8
Total Oil 9¼ 87 FFr	150	97¼	98⅛	+0¼	0	9.7
Unilever 10 88 FFr	100	100¼	101¼	0	−0¼	9.7
CECA 9¼ 89 £	20	92⅞	93¾	+0½	+1½	10.7
Citicorp 10 93 £	20	92¼	93¼	+0½	+0¼	11.0
EIB 9¾ 88 £	25	97¾	98	+0¼	+1⅛	10.1
Finance for Ind. 13 91 £	15	108¼	109¼	0	+1⅛	11.8
Gen. Elec. Co. 12¼ 89 £	50	104	104½	+0¼	+2¼	11.7
BAT 8 88 LuxFr	250	97¼	98¼	0	0	8.3
Bayer Lux. 8 86 LuxFr	250	97½	98½	0	0	8.3
EIB 7¾ 88 LuxFr	250	96¼	97¼	0	0	8.1
Euratom 8 87 LuxFr	500	100¼	101¼	0	0	7.8
Finland I. F. 8 88 LuxFr	250	97½	98½	0	0	[illegible]
Norway 7¾ 83 LuxFr	250	97¼	98¼	0	−0¼	8.2
Norges Km. 8 86 LuxFr	[illegible]	98½	99½	0	0	8.1
Renault 7¾ 88 LuxFr	500	97⅜	98⅜	0	0	8.0
Solvay Fin. 8 85 LuxFr	[illegible]	100¼	101¼	0	0	7.1
Swedish Bk. 8 88 LuxFr	500	100¼	101¼	0	0	7.1
Nordic I. Bk. 9 84 SDR	20	99¼	99¾	0	0	9.22
Auto Cote B. 7 [illegible] EUA	16	[illegible]	[illegible]	−0⅛	−0⅛	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0¼	96½	97¼	31/7	11.44	11.
BFG Fin. Co. M5.5 89	0⅛	99¼	99¾	12/7	12.4	12.
Bco. El Salvador M8 83	1½	97¼	97⅞	12/4	11.31	11.
Bco. Nac. Argnt. M8 83	0¾	99⅞	100⅜	21/7	12¼	12.
Bco. Nac. Argnt. 7 86	0¾	98	98½	22/8	11½	11.
Banco Urquijo 6 86	0¼	97¾	98¼	21/9	11½	11.
Bank of Tokyo M5½ 93	0¼	97¾	98¼	18/4	10⅝	10.
Banque Worms M5¼ 85	0¼	98½	99	15/6	12	12.
Bq. E. d'Alg. M8.375 84	0⅞	96⅞	97¼	9/8	11⅞	12.
Bq. Ext. d'Alg. M7.5 85	0⅜	95⅛	95⅞	2/5	12¾	13.
Bq. Indo et Suez M5½	0¼	99½	100	25/7	12	12.
Bq. I. Af. Occ. M6.5 83	0¼	98¼	98⅝	12/7	12.4	12.
BNP 5½ 91	0⅜	97½	98	22/2	11⅜	11.
CCCE M5.25 98	0¼	97¼	97⅞	3/8	11⅜	11.
Ch. Man. O/S M5½ 93	0¼	98¼	98⅝	27/7	11.73	11.
Citicorp O/S Fin. 6 94	0¼	99¼	99⅞	8/6	11.06	11.
Credit National M5½ 88	0¼	98½	99	11/7	12.31	12.
Gotabanken M6 88	0⅜	98¼	98⅞	15/5	12.31	12.
Ind. Bk. Japan M5½ 85	0⅜	99⅞	100⅜	1/6	12.35	12.
Ljubljanska M7.75 85	1	97½	98¼	18/7	12.94	13.
LTCB Japan M5¾ 85	0¼	99⅜	99⅞	9/5	12.06	12.
Midland Intl. M5½ 93	0¼	98¼	98¾	20/7	12⅛	12.
Nipo. Crdt. Bk. M5.5 85	0⅜	99¾	100¼	22/6	12.81	12.
OKB M5¾ 88	0¼	99¾	100¼	18/4	10.56	10.
Offshore Mining 86	0¼	99¼	99¾	19/7	12.19	12.
Petro Mexicano 7¼ 84	0⅜	98⅞	99⅜	24/7	12.08	12.
Privredna Banka M8 88	0⅞	96	97	22/6	13.44	13.
Standard Chrt. M5.5 90	0¼	97½	98	10/8	11.56	11.
Sundsvallsbnkn. M6 85	0⅜	97½	98	4/10	11.06	11.
Texas Int. Air. M7 86	0⅞	98⅛	98¾	11/4	—	
Utd. Overs's Bk. M6 89	0¼	98	98½	29/9	11.14	11.

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	86¼	87⅛	−0⅛	[illegible]
Baker Int. Fin. 5½ 93	1/79	34	119½	120¼	+1	0
Boots 6¾ 93	2/79	2.16	111	112	+1	−4
Ciba-Geigy O/S F 4 94	9/78	675	93	93¾	−0½	−15
Coca-Cola Bottling 6¾	4/79	9	90½	91½	+0¼	18
Esselte 7¾ 89	9/78	158	97¾	98¼	−0⅛	2
Honda Motor 5½ 89	5/79	532	92½	93¾	−1¼	−3
Ito-Yokado 5¾ 93	6/78	1329	110¼	110⅞	−0⅛	1
Novo Industri 7 89	4/79	259	87¼	88⅞	+0⅛	9
Texas Int. Air. 7½ 93	4/79	14.5	88⅞	89¾	−0⅛	18
Thom Int. Fin. 7 88	11/78	3.67	129⅞	130⅜	+3½	−0
Tyco Int. Fin. 8½ 88	9/78	21	105½	107	+0½	5
Asahi Optical 3½ DM	12/78	688	91⅞	92⅞	−1¼	−0
Casio Cp. 3½ 85 DM	11/78	841	92½	93¾	−0¼	14
Izumiya 3½ 86 DM	10/78	989	89⅛	90⅛	−0⅛	5
Jusco 3½ 86 DM	1/79	1154	86⅛	87¼	−0½	21
Kansai Elec. 4 84 DM	4/79	1350	89	90	−1⅛	32
Konishiroku 3½ 85 DM	1/79	612	91⅞	92⅞	−0⅛	14
Marudai Food 3½ DM	2/79	1013	87	88	−1⅛	31
Murata M. 3½ 86 DM	11/78	854	96⅛	97¼	−0⅛	0
Nipp. Air. 3.5 88 DM	12/78	508	83⅛	84¼	−1¼	[illegible]
Nippon Ysn. 3½ 85 DM	1/79	251	92⅝	93⅝	−0⅛	4
Nissan Diesl. 3½ 86 DM	2/79	477	91⅛	92⅛	−0⅛	8
Olymp. Opt. 3½ 85 DM	2/79	703	98⅞	99⅞	−0⅛	0
Ricoh 3½ 86 DM	10/78	817	92⅛	93⅛	−1⅛	13
Sharp Co. 3½ 88 DM	2/79	487	94¾	95¾	−0⅛	7
Stanley Elec. 3½ DM	11/78	623	89⅞	90⅞	−0⅛	27
Tokyo Elec. 3½ 87 DM	4/79	476	84	85	−1⅛	10
Tokyo Ld. Co. 4 86 DM	4/79	493	87⅞	88⅞	−0⅛	8
Tno-Knwd. 3½ 86 DM	11/78	711	86⅝	87¾	−0⅛	5

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

KemaNobel expects return to growth

By Victor Kayfetz in Stockholm

KEMANOBEL, the Swedish chemicals group, forecasts in its annual report that 1979 operating profits will exceed 1978's SKr 134m ($30.5m) despite continued uncertainty about supplies of oil and other petrochemical raw materials.

The KemaNord group of divisions, which last year showed SKr 68m in operating earnings on a turnover of SKr 694m, are expected to experience a continuing improvement in volume and prices during 1979 and "thereby restore the group's earlier good profitability." But development in Iran would substantially increase its raw material and finished goods prices and make greater flexibility in planning necessary.

The Nitro Nobel companies, which make explosives and had 1978 operating earnings of SKr 35m on sales of SKr 559m, were adversely affected last year by events in Iran and shutdowns of certain units elsewhere. "These measures will yield improvetments in earnings during 1979. Remaining operations are expected to show a favourable trend. On the basis of this, a sizeable improvement in earnings should be possible to achieve in 1979."

The report also predicts improved earnings for performance chemicals and consumer products.

KemaNobel said its capital expenditures on plants abroad are dominated by the chlorate factory being built in Canada by the subsidiary QueNord and due to come on stream this autumn.

As reported earlier, pre-tax profit in 1978 was SKr 112.5m ($25.6m), down 7 per cent from the year before. The board proposes a dividend of SKr 5 a share, against a comparable dividend for 1977 of SKr 4.17 after adjustment for last year's bonus issue and stock split.

Sibner in Peking

SWISS-BASED international trading company Sibner Hegner has received permission from the Chinese authorities to re-instal a permanent office in Peking, writes John Wicks from Zurich. Sibner Hegner, a specialist in Far East trade, had operated branches in Shanghai, Peking and Tientsin until 1961. The

Role of French big banks criticised

BY DAVID WHITE IN PARIS

THE STRUCTURE and workings of France's State-dominated banking system, especially as regards financing for small companies, are strongly criticised in a report commissioned by M. Raymond Barre, the Prime Minister, and due to be presented later this week.

The report, which calls for decentralisation, greater competition, better credit terms and an end to Government curbs on the extent to which banks may increase their loan volume, may form the basis of official banking reform proposals expected to be drawn up about November.

M. Rene Monory, Economy Minister, confirmed yesterday that the Government, which late last year agreed on a new charter for the mutual farmers' bank, Credit Agricole, planned to undertake other reforms in the banking structure

The report, prepared by M. Jacques Mayoux, former director-general of Credit Agricole and recently installed as head of the Sacilor-Sollac steel group, in which the Government and State-owned banks hold the controlling stake, copies the West German model, especially in its recommendations for independently-managed regional banks.

This would mean changing the provincial operations of the three big State-owned commercial banks—Banque Nationale de Paris, Credit Lyonnais and Societe Generale—into stronger local units which would take much of the decision-making away from Paris.

According to leaked versions of the report, it also calls for more competitive conditions among banks, which would mean opening up areas such as lending to local government organisms which have been the reserved territory of certain banks.

In particular the report calls for an end to the system of credit growth ceilings which has been in force in France since January, 1973, and which has come under constant attack from the banking community.

It argues that the system favours the State-owned banks, which can expand their operations in lending activities outside the terms of the restrictions, notably export credits and foreign currency loans, while smaller banks are forced to stagnate.

The report is understood to propose instead a system of fixed ratios between banks' capital and their lending activities.

Euroc forecasts upturn

By Our Stockholm Correspondent

EUROC, the Swedish building materials and industrial group, expects that, despite a sluggish trend in construction investments, its current marketing efforts would yield an increased volume as well as a higher operating profit for 1979 than the SKr 259m ($59m) recorded last year on a turnover of SKr 2.9bn ($659m).

The group also said in its annual report that the beginning of operations this year at the big new Slite cement factory on the Swedish Baltic island of Gotland would cause Euroc's cement production costs to drop during late 1979.

The Slite project has required exteremely large investments and pulled down earnings during 1978, accounting for SKr 38m out of the total SKr 149m in depreciation charges and SKr 31m out of net interest costs of SKr 113m. In 1977, depreciation was SKr 123m and net interest SKr 78m. Last year's pre-tax profit before extraordinary items was thus only SKr 52m, against SKr 64m in 1977.

Due largely to the sale of land and harbour facilities at Limhamn, in south-west Sweden, near the group's head office, net extraordinary income reached SKr 11m, against SKr 5m the year before. This left earnings at SKr 62m in 1978, down from SKr 69m. The board recommends raising the dividend by SKr 1 to SKr 7.

Wessanen to expand in U.S.

BY CHARLES BATCHELOR IN AMSTERDAM

WESSANEN, THE Dutch foodstuffs group, plans to use the Marigold Foods Group of Minneapolis as the basis for further expansion in the U.S. Marigold, which was bought for $20m, in September will consider further acquisitions in the food sector, Wessanen said in its annual report.

The criteria set down for the purchase of Marigold were: a maximum investment of $20m, sales of $100m, average historical annual growth of 10 per cent which can be expected to continue, the ability to function semi-autonomously in the Wessanen group and "good quality" management.

Wessanen has given high priority to exports and to expansion abroad in view of sluggish growth in Holland. Efficient functioning of the EEC is of great importance to Wessanen but the Community "has not come up to expectations." The company sees the development of new products as one answer to sluggish demand and it set the basis in 1978, for more intensive research into new developments, mainly in new food areas.

The Board said it was "suitably confident" of prospects for the current year and it did not exclude a further improvement in results, barring unforeseen circumstances. The company is very dependent on EEC decisions however, it noted. It earlier announced a 10 per cent rise in net profit to Fl 18.3m ($9.1m) on sales 11 per cent up at Fl 2.46bn ($1.23bn).

* * *

TRADING IN the shares of the Dutch agricultural and commodities processing group, HVA, have reopened on the Amsterdam Stock Exchange following last Friday's suspension because of a sharp price rise. After rising Fl 1 in official trading on Thursday to close at Fl 40.10 the shares firmed a further Fl 8 in unofficial early trading on Friday. They closed yesterday at Fl 45.

HVA expressed surprise at the price movement and could give no reason for it. About two-thirds of HVA's assets were frozen when its operations in Ethiopia were nationalised four years ago. Talks on a link with the Adriaan Volker dredging group recently came to nothing, and the company was reported to be discussing the sale of some of its activities to the UK commodity group, Czarnikow.

Higher interest rates worry BHF-Bank

By Andrew Fisher

BHF-BANK, the Berliner Handesl und Frankfurter Bank, is optimistic about the outlook for 1973, even though it does not expect similar growth rates to those of last year.

Liquidity has tightened recently and interest rates have moved higher, and the special conditions applying in the last accounting period will not be repeated, Dr. Hanns Christian Schroeder-Hohenwarth, one of the general partners, said.

Last year, the bank raised its operating profits, for which no figures are given, by 25 per cent with the inclusion of trading on its own account. Excluding such business, the improvement was only 2.3 per cent.

At the parent bank net profit level, there was a 5.8 per cent improvement to DM 25.7m ($13.5m) and the bank is again proposing a DM 9 dividend per DM 50 share. At the May annual meeting, shareholders will be asked to approve the issue by BHF-Bank International of Luxembourg of a convertible or option bond of up to DM 60m, with the timing to be decided later.

In the final months of last year, said Dr. Schroeder-Hohenwarth, credit demand picked up sharply, leaving final 1978 loan volume 23.4 per cent higher at DM 2.88bn. The balance sheet total was nearly 12 per cent higher at the end of last year at DM 7.85bn, while business volume gained 15.8 per cent to DM 10.3bn.

The bank managed to keep its interest rate margins steady in the first two months of this year, while overall costs eased. If this trend continued, operating profits would be "respectable" in spite of the tightness in rates, he added.

BHF's surplus of interest rate earnings over costs improved by 12.3 per cent in 1978 to DM 132.5m, and the level remained favourable in the early part of 1979, he said.

Net profits of the full group expanded from DM 36.84m to DM 42.06m, with the group balance sheet up from DM 16.05bn to DM 17.68bn. In New York, the bank formed BHF Securities Corporation last year. It also opened a representative office in London.

The bank described progress in New York, where it also has a full branch, as encouraging.

Alusuisse sees a better year

BY JOHN WICKS IN ZURICH

BUSINESS THIS year should be better or at least not as bad as in 1978, reports Alusuisse, the major Swiss company which ranks as one of the largest producers of aluminium in the world.

The company looks forward to an increase of between two and three per cent in world demand for aluminium in 1979, and expresses the hope that last year's exchange rate instability will not be repeated. In 1978, group profits after tax fell by 38 per cent to SwFr 94.1m.

Despite the expected upturn in demand for aluminium, Alusuisse will continue to stress its other activities, says Emanuel Meyer, chairman of the Zurich-based parent company. No major new investments are foreseen in the field of aluminium production, although the group might take up further "visiting-card" participations of some five per cent in new projects in individual cases. In the aluminium processing sector "there will be an improvement" of capacity levels.

The chemical industry will remain an important target for Alusuisse growth. Of the sum of about SwFr 300m to be spent on investments in 1979, something like SwFr 100m will go to the chemical sector. Among financial investments here, Alusuisse recently acquired the U.S. company Bio-Lab, a manufacturer of chemicals for use in swimming pools, and has now announced the purchase of the Italian company Distillerie Italiane, a producer of plasticisers and other chemicals. The two acquired companies have a turnover of $32m to $35m and SwFr 40m respectively, and were bought for sums of $15m and SwFr 8m ($4.65m).

The group continues to develop other non-aluminium operations, especially in the field of mining and civil engineering. It is seeking acquisitions particularly in the U.S. mining industry, in such sectors as non-ferrous metals and coal mining, although no talks have to date shown the necessary willingness, says Herr Meyer.

Geographically, Alusuisse continues to be particularly keen to expand its position in North America, eventually hoping for a 50 per cent U.S. share in investments. Already, some 22 per cent of group fixed assets are located in the U.S.

Last year growth was centred particularly on companies belonging to the Lonza chemical division there, with the opening of an organic intermediates plant at Bayport, Texas, and a unit for the production of soft foams at Mapleton, Illinois. This year a rigid-foam facility has been added, while at Bayport work has begun on construction of a nicotinic acid plant.

In all, U.S. sales of SwFr 1.47bn accounted for some 30 per cent of Alusuisse group turnover in 1978 despite the sharp decline of the dollar in terms of Swiss francs.

The aluminium sector still makes up most of the group sales figure, although its relative importance is considerably less than a few years ago. In 1978, turnover in raw aluminium (including allied electricity production) dropped from SwFr 1bn to SwFr 830.9m and that in processed aluminium from SwFr 2.7bn to SwFr 2.44 bn, or about one-half of overall sales.

Turnover of the chemicals (including electrical energy) sector was down last year from SwFr 980.3m to SwFr 868.7m and that in bauxite, alumina and electrodes from SwFr 534.9m to SwFr 502.4m.

Sales of other products and services, however, reached a record level of SwFr 299.2m, a substantial rise over the SwFr 215.2m figure for 1977.

Babcock Spain makes progress on recovery

BY ROBERT GRAHAM IN MADRID

SPAIN'S AILING capital goods company Babcock and Wilcox Espanola has moved a step further towards recovery. The court order permitting the company to suspend all outstanding payments, which had been in effect since February, 1978, has been removed.

Suspension of payments is a peculiarly Spanish device whereby a company applies for a debt moratorium. The difference between this and a bankruptcy petition is that the debt moratorium is granted on the basis of the company's net assets being greater than its total debts.

In the case of Babcock, total debts were Pta 15.9bn ($231.6m) but in order to avoid what was technical bankruptcy the company had to increase the net book value of its assets.

Since November, a rescue plan has been in operation. This involves a write down of capital from Pta 999m to Pta 272m and then a new Pta 2.45bn capital increase being floated, bringing in new shareholders, mainly companies associated with the state holding company, INI. British Babcock's 10 per cent stake has fallen to 1 per cent after waiving rights to the new increase.

Meanwhile creditors have accepted, grudgingly, a 30 per cent write-off against repayment of the rest within 10 years. The Government itself is pumping in some Pta 2bn in soft credits.

Sharp advance for Swedish engineer

By Our Stockholm Staff

AGA, the Swedish gas, heat engineering and welding group, said in its final communique on 1978 accounts that pre-tax profit amounted to SKr 243m ($56m), up 32 per cent from SKr 184m in 1977. It predicted 1979 earnings of about SKr 270m, since costs are expetced to increase more slowly and because the resulting improvement in margins will probably outweigh a projected rise in net financial costs due to continued heavy investments.

The final sales figure for 1978 was SKr 3.6bn ($834m) compared with SKr 2.4bn the year before. Excluding the newly-acquired subsidiaries AGA Burdox and Frigoscandia, sales rose by 14 per cent. The group forecasts a turnover of about SKr 4.1bn in 1979.

Enka moves out of red

BY OUR FINANCIAL STAFF

ENKA AG, the parent company of the chemical fibres subsidiary of Akzo of Holland, has moved out of the red for 1978. The company reports net profits of DM 30.1m ($15.78m), compared to a loss of DM 23m in 1977.

In January this year, the Enka group as a whole reported that losses for 1978 were reduced from those of 1977 when operating losses worldwide totalled DM 930m.

Enka AG is to pay a dividend of 7 per cent or DM 3.50 per share for 1978, having omitted a dividend in 1977. Consolidated sales of Enka rose 4.7 per cent to DM 1.895bn ($997m) from DM 1.809bn in 1977 while turnover of the parent climbed 4.5 per cent to DM 1.62bn from DM1.549bn.

Enka AG said its 1978 profit was largely due to extraordinary results and earnings outside its fibre activities. At the same time, a company statement said, Enka AG was able to reduce its losses in the textile fibre sector, despite the continued weakness of the European market for chemical textile fibres.

Swiss financier acquires non-ferrous group

BY OUR ZURICH CORRESPONDENT

LONDON-BASED Swiss financier Werner K. Rey has acquired the capital of Schweizerische Metallwerke Selve AG, a leading Swiss producer of non-ferrous semi-products. The purchase is of voting-share capital worth a nominal SwFr 15m with participation certificates without voting rights worth a nominal SwFr 8m remaining in the possession of the Selve family.

Mr. Rey was the centre of a major controversy in Switzerland in 1977, when he attained control of the Bally shoe concern and subsequently sold it to the Oerlikon-Buehrle group. The announcement of the Selve transaction, which is linked to the grant of a long-term bond loan worth SwFr 10m to the company, immediately resulted in the resignation of the non-family members of the company's board, including chairman Dr. Ernst Keller.

Metallwerke Selve, which exports some 75 per cent of its production, has a labour force of 700 and plants in Thun and Uetendorf. The company, whose 1977 turnover was SwFr 145m, had been in difficulties, and for the past financial period of 18 months had experienced a negative cash-flow of SwFr 1m. Measures were in hand to bring Selve out of the loss zone, it is stated.

The chairmanship of the company is to be taken over by Mr. Rey himself, while management remains in the same hands as at present. Mr. Rey has stated that he intends to retain control of the company on a long-term basis and continue operations of its plants.

Chargeurs and Pricel hold merger talks

TWO FRENCH holding companies could merge if the outcome of talks is successful. The companies are Pricel and Chargeurs Reunis.

Pricel, with major interests in textiles in France and abroad, posted consolidated profits of FFr 56.4m on sales of FFr 2.1bn last year. Chargeurs controls a number of shipping companies including Cie Maritime de Chargeurs Reunis, airlines, including Union des Transports Aeriens-UTA, and hotels. It posted consolidated revenue of FFr 50m on sales of close to FFr 6bn in 1978.

The brief announcement of the talks, under the auspices of Lazard Freres et Cie which has a 20 per cent stake in Chargeurs, follows Bourse rumours that Pricel was planning a takeover bid.

AP-DJ

Flaekt to halt decline

BY OUR STOCKHOLM CORRESPONDENT

SVENSKA FLAEKT, the Swedish industrial ventilation and pollution control group, said in its 1978 annual report that "it appears possible in 1979 to interrupt the decline in earnings." Pre-tax profit last year was SKr 78.2m ($17.9m) which was lower than expected in the half-year report, and far below the SKr 135.4m recorded in 1977.

The Board proposes an unchanged dividend of SKr 5.75 per share. Sales rose by 13.6 per cent to SKr 3.14bn ($720m) with the proportion represented by markets outside Sweden rising by 1 per cent to 79 per cent.

Group orders rose 14 per cent to SKr 3.5bn, but orders to Flaekt's foreign subsidiaries were up 22 per cent.

Flaekt attributed the drop in earnings to lower profits by the Swedish parent company and by the Finnish company. Equipment operations in Sweden are being reorganised into a single company, Flaekt Evaporator, effective from May 1 this year.

The Gadelius Trading Company—in which Flaekt has a 70 per cent interest—with its main operations in the Far East, moved into the black last year. Pre-tax profit after extraordinary items was about SKr 12m, against a 1977 loss of SKr 16m. Gadelius has formed its own company in South Korea.

Higher profit for Genoa engineer

Italimpianti, the Genoa-based engineering subsidiary of the Italian state steel holding Finsider, reported yesterday a profit of L7.5bn ($8.9m) and a turnover of L534bn last year, writes Paul Betts from Rome. The company proposes to return a dividend of L100 per share. In 1977, Italimpianti reported profits of L7bn.

Sydkraft issue

Sydkraft AB, Sweden's largest private power company, is floating a SKr 100m adjustable 10 per cent corporate bond at par, Reuter reports from Stockholm. Maturity will be 15 years.

Meanwhile, the National Debt Office reports that the outstanding amount of interest bearing Government bonds reached SKr 83.34bn at the end of March, against SKr 75.60bn at the end of December, 1978. Last month's 9.75 per cent Government bond on a coupon of 10 per cent has brought in over SKr 6.47bn, whereas an eight year sliding rate issue yielding 9.3 per cent on average has so far raised SKr 1.19bn.

New Warburg bank

S. G. Warburg, the London merchant bank, is opening a bank in Luxembourg in conjunction with Bank Leu, one of Switzerland's big five banks, writes Michael Lafferty. The third partner, which also has a one-third share, is Effectenbank-Warburg of Frankfurt, the German affiliate of Warburgs. The new bank will operate under the name Sociéte des Banques S. G. Warburg et Leu.

Upturn at New York Post aids News Ltd.

By James Forth in Sydney

A SHARP jump in earnings from operations enabled the Australian-based media and publishing group, News Limited, to boost the group profit by 42 per cent. from A$10.6m to A$15.1m (U.S.$17m) in the December half-year. The result included the equity shares of profits in associate companies, which jumped from A$4.25m to A$8.34m.

Gross revenue rose by 8.3 per cent. from A$102m to A$10m (U.S.$11.2m). The directors said that the results were pleasing, and reflected the improvement in the company's interests in the UK and the U.S.

The adverse trading at the New York Post now showed a considerable improvement and other U.S. divisions had traded profitably. In the full 1977-78 year group profit dipped 4 per cent to A$13.4m, largely because of U.S. losses. A 50-day strike at the New York Post was a factor. All major divisions in the UK showed improved results, but it was seen as disappointing that 80m copies of newspapers were lost through industrial stoppages.

The directors said that trading by the Australian divisions reflected the cautious improvement in the economy, but they warned that any upsurge in costs could have a depressing effect.

George Weston Foods lifts payout

By Our Sydney Correspondent

GEORGE WESTON FOODS, the flour, bakery and biscuit group, has raised its annual payout from 7.5 cents a share to 8 cents, after a 12.8 per cent boost in profit, from A$9.3m to A$10.5m (US$11.8m) in the year to January 31. The dividend will be paid on capital increased by a one-for-eight free scrip issue.

Adjusted for the issue the earnings per share rose from 19.2 cents to 21.9 cents a share. Much of the profit growth was derived in the second-half, when earnings increased 15.7 per cent, from A$5m to A$5.8m, compared with a 9.3 per cent growth to A$4.6m in the first six months.

The profit was achieved on a 10.8 per cent improvement in sales, from A$280m to A$310m (US$348m).

The UK group, Associated British Foods holds a controlling interest in George Weston Foods.

Property interests boost Hutchison Whampoa

BY ANTHONY ROWLEY IN HONG KONG

HUTCHISON WHAMPOA, the diversified transport, industrial and property group, has announced net profits of HK$230.9m (US$46m) for the year to December 31—an increase of 26 per cent over 1977.

The group, in addition, made extraordinary profits of HK$68.7m last year, "largely reflecting the group's expanding interests in property development," it was said. This gives an attributable profit of HK$299.6m.

But Hutchison also announced that exceptional items amounting to HK$41m relating to "provisions for losses in construction subsidiaries" had been charged in arriving at last year's profit figures. These were not identified but almost certainly reflect further losses at Far East Engineering and Construction Company, in which Hutchison Whampoa has an interest through its 57 per cent-owned subsidiary, Hutchison-Boag.

A final dividend of 14 cents a share is being recommended, against 12 cents in 1977, to make a total for the year of 23 cents, against 20 cents.

Mr. A. G. Hutchison, the chairman of Hutchison Whampoa, has announced his intention of standing down as chairman of the company following his retirement from executive responsibilities in the Hongkong and Whampoa Dock Company last September. He will remain on the Board of Hutchison Whampoa as a non-executive director.

It is proposed that Mr. W. R. A. Wyllie be elected chairman. The annual meeting is to be held on June 1.

JAPANESE NATIONAL BONDS

Underwriters block issue

BY RICHARD C. HANSON IN TOKYO

THE JAPANESE Ministry of Finance (MOF) has been forced to suspend for the month of April an issue of long-term national bonds needed to fund its budget—as the private underwriting group has refused to accept the terms proposed by the Government.

The cutting-off of ten-year bond issues this month—the first such break since issues began in 1965—came as the Government appeared to be embroiled in a heated debate over whether to tighten credit by raising the official discount rate—a move which would help the bond market.

The inability to float the long-term bonds makes an early decision on raising the return on the bonds imperative. The yield has been increased recently, with an issue last month carrying a coupon of 6.5 per cent, against 6.1 per cent on the previous issue. But the secondary market yields on national bonds last week soared to about 8.2-8.3 per cent, leaving prices below 90 per cent of par.

If the Bank of Japan can win agreement within the Government for an early increase in the discount rate, the bond terms can also be improved from the May issue. If not, banks will probably again decline in May to underwrite the float—in the expectation of higher rates eventually.

The Ministry of Finance surprised the underwriters with the decision to suspend the bond sales completely. Up to the weekend, most had expected the Ministry to continue sales but in much lower volume. The original plan for April called for about Y1,000bn ($4.7bn) in long-term bonds. The Government has yet to float a portion of bonds allocated to the last fiscal year, which ended March 31; and it had planned to float about Y600bn to cover that shortfall during the April-June period.

The seriousness of the situation in which the MOF finds itself is underlined by the scale of its financing needs this year. In order to fund a record 39 per cent of the Budget, the Government will have to float over Y15,000bn in national bonds. About Y11,000bn of this amount is to be marketed in the form of ten-year bonds.

The Government may think of switching more heavily into issues of short- and medium-term bonds — which are more attractive to investors — to make up for the troubles in the long-term market. Market conditions for the medium-term issues however, have also deteriorated sharply over the past three weeks.

There are some Government ministries (notably the Ministry of International Trade and Industry) which are against a credit tightening because of the deflationary impact it may have on the economy.

Stanbic to raise dividend cover

By Jim Jones in Johannesburg

STANDARD BANK Investment Corporation (Stanbic), the 59.x per cent-owned South African banking arm of Standard Chartered of the UK, is planning to increase its reliance on its own sources to support growth over the next five years. From attributable earnings of R29.5m in the nine months to December 31, equivalent to 51.x cents per ordinary share, Stanbic has declared a twice covered 24 cents in dividends. Mr. Ian Mackenzie, the chairman, says in his statement for the period that in view of the legally fixed capital ratios for banks and Stanbic's expected future growth, the group plans to increase its dividend cover to reach three times over the next five years.

Mr. Gutch Vickers, the group's financial controller, says, however, that the group's objective includes the increasing of dividend payments so as at least to match South Africa's rate of inflation.

Overall, Stanbic has a declared policy of earning 1x per cent on shareholders' funds, a target which was beaten in the latest nine months reporting period.

In the nine months to end December, shareholders' funds rose from R201m to R243m partly as a result of a R12m rights issue, retained earnings of R15m and the issue of R14m shares to purchase UDC Bank.

No further rights issues are planned at this stage—against the background of the retained earnings policies—though stock exchange conditions are attractive. But on a growing earnings base, further rights issues may be expected. Standard Chartered has to cut its interest to below 50 per cent by the mid-eighties.

Genting profit cut by Pioneer tax move

BY WONG SULONG IN KUALA LUMPUR

GENTING BERHAD, the Malaysian casino and hotel operator, raised its pre-tax profits by 60 per cent, last year, from 27.5m ringgit to 44.3m ringgit (U.S.$20m). But as the group has to pay the full year's tax after the expiring of its Pioneer Status, the after-tax profit is down to 22m ringgit, from 23.4m ringgit the year before, when the full tax burden was not imposed.

The group's new 600-room hotel, with its enlarged casino in the Genting Highlands, 30 miles from Kuala Lumpur, opened for business during the year and contributed to better revenue turnover.

A final dividend of 7.5 per cent is declared, bringing the total dividend for the year to 12.5 per cent. The rate is the same as the previous year's, although the current dividend is subject to income tax.

Genting Berhad shares have risen steadily on the Kuala Lumpur exchange for much of the past year, and closed yesterday, at 3.47 ringgit, or 1.00 ringgit higher than a year ago, giving it a price-earnings ratio of 17 and a gross yield of 3.3 per cent.

Two plantation groups have better second half

BY WONG SULONG

TWO LARGE Malaysian plantation groups, Highlands and Lowlands, and United Plantations, the half-year results of which were badly affected by the drought—made up a good deal of ground during the second-half of last year.

But, for the full year, Highlands and Lowlands, the fifth biggest plantation group here, reported a pre-tax profit of 46.18m ringgits (US$21m), which was 6.5 per cent lower than in 1977.

For United Plantations, on the other hand, the operating pre-tax profit for last year was 26.93m ringgits (US$12.2m), marginally higher than the year before. Its after-tax profits were 16.52m ringgits, but the final net profit attributable to shareholders was boosted to 27.6m ringgits, mainly as a result of a surplus of 11m ringgits from the revaluation of bonus shares issued by an associate company.

At the half-year stage, profits of Highlands and Lowlands fell by 28.5 per cent to 16.8m ringgits, as a result of a fall in production, particularly from its palm oil estates.

The fall was even more severe in the case of United Plantations, which is largely a palm oil group. Its half-year profits dropped by 45 per cent from 15m ringgits to 6.9m ringgits.

Highlands and Lowlands is making a final dividend of 30 per cent, bringing the total dividend to 50 per cent—the same as in the previous year.

United Plantations intends to pay a final dividend of 20 per cent, bringing the total payout to 25 per cent on a capital of 71.5m ringgits, compared with 17.5 per cent on capital of 65m ringgits.

It is also making a one-for-four scrip issue, to capitalise 17.88m ringgits from reserves. The authorised capital is to be increased from 100m ringgits to 200m ringgits.

Japanese bankruptcies

TOKYO — Japan's corporate bankruptcies in March totalled 1,337, up 28.1 per cent from the 1,044 cases in February, but down 11.9 per cent from the 1,517 cases in March, 1978, Tokyo Shoko Research, a private corporate credit investigation agency, said here.

Liabilities left by bankrupt firms in the month amounted to Y150.56bn ($700m), down 30.2 per cent from the previous month's Y215.86bn, and down 38.2 per cent from the Y243.66bn a year earlier.

AD-DJ

APPOINTMENTS

Renold group chief executive change

Mr. E. Garlick, at present overseas divisional managing director of RENOLD, will succeed Mr. C. A. Percival as group managing director on May 1. Mr. Percival retires from the post on that date but will remain a director.

★

Sir Marc Cochrane, Mr. D. O. Ewart-James, Mr. J. D. Hambro, Mr. D. G. Lewis and Mr. D. J. Tapper have been appointed directors of HAMBROS BANK.

★

Mr. Ian Northen has been appointed assistant managing director of CAPITAL AND COUNTIES PROPERTY COMPANY. Mr. Northen joined the company in 1963 and has been a member of the Board since 1968. He is also chairman of the group's housing company, Roger Malcolm.

★

Mr. R. S. Wilkins and Mr. J. S. Durlacher will retire from the partnership of WEDD DURLACHER MORDAUNT AND CO. stock jobbers, on April 20. Mr. J. W. Robertson will become senior partner, and Mr. M. J. Gray and Mr. M. A. Carrington join the partnership from that date.

★

By agrement with Chevron Chemical Company—BP CHEMICALS partner in the BP-CALIFORNIA group— Mr. S. H. Barber has relinquished his position as general manager, BP-California and BP-California (Grangemouth). He has been succeeded by Mr. J. R. Featherstone who joined BP Chemicals in 1962 as a chemical engineer and until recently was senior operations manager with Deutsche BP AG in Cologne. More recently he has undertaken special duties connected with BP Chemicals acquisitions from Monsanto and Union Carbide. Mr. Hugh Barber, general manager since 1976, takes up a new post as regional coordinator in the European region of BP Chemicals.

★

BASS has formed a number of Bass Brewing subsidiaries in England and Wales and appointed the following directors: Bass Brewing (Birmingham), Mr. J. Buswell managing. Bass Brewing (Burton), Mr. R. W. Ricketts, managing, Mr. D. Hobson, brewing, Mr. F. D. Barrow, engineering, Mr. R. J. V. Knight, packaging, and Mr. P. Fenton, employee relations, Bass Brewing (Cardiff); Mr. K. E. J. Morison, managing, Bass Brewing (Runcorn), Mr. A. W. Seddon, managing. Mr. W. D. Baxter, brewing, Mr. A. J. King, engineering, Mr. H. F. Sunderland, packaging, and Mr. E. Peers, Employee Relations, Bass Brewing (Sheffield), Mr. R. C. Stancill, managing. Bass Brewing (Tadcaster), Mr. J. M. Pace, managing.

★

Mr. Ian Scott has been appointed deputy managing director of THAMES TELEVISION and Mr. Ben Marr has become director of administration and company secretary. In addition to his new responsibilities, Mr. Scott will remain director of finance, and will continue to supervise labour-staff relations and technical operations. Mr. Marr remains in charge of the company's contractual systems and procedures.

★

Dr. Peter C. James has been appointed senior vice-president of the NORTH CAROLINA NATIONAL BANK in addition to his post as chief executive of Carolina Bank Limited. Marion J. Howells has become a vice-president and Mr. Peter Searson and Mr. Babu Patel, assistant vice-presidents.

★

Mr. Tony Emerson, vice-chairman of Unilever's UK national management, has been elected chairman of the FOOD AND DRINK INDUSTRIES COUNCIL, succeeding Sir Hector Laing, chairman of United Biscuits (Holdings). Mr. R. A. Wilson has become treasurer of FDIC replacing Mr. J. T. Clarke.

★

Mr. A. J. Pittevils, who has been with the PERKINS ENGINES GROUP for more than 25 years, has been appointed director technical services division in the group's sales and marketing operation. Prior to his present appointment, he was manager administration and market supply in Perkins eastern hemisphere operations.

★

C. T. BOWRING AND CO. has made the following appointments: Mr. R. E. F. Ballantyne, Mr. J. W. S. Macdonald, Mr. D. H. Mead, Mr. R. M. Quill and Mr. J. F. Slade to the Board of C. T. Bowring (Insurance) Holdings. Mr. K. F. Cook, Mr. R. Gladwell and Mr. A. A. M. Pinsent as directors of C. T. Bowring and Co. (Insurance). As a result of a re-organisation, new divisions of C. T. Bowring and Co. (Insurance) have been formed. These are North American Non-Marine Insurance with Mr. Quill as chief executive and Mr. B. R. E. Hibbert, deputy chief executive; North American Non-Marine Reinsurance, Mr. Ballantyne, chief executive and Mr. G. J. McKean, deputy chief executive, Marine Insurance, Mr. Mead, a chief executive, and Mr. D. F. Fenton, deputy chief executive, and Marine Reinsurance, Mr. Slade, chief executive and Mr. B. W. Pearce as deputy chief executive. Mr. K. Batchelor continues as chairman and Mr. M. E. Jenner and Mr. P. L. Wroughton remains deputy chairman of C. T. Bowring and Co. (Insurance).

London Clearing Banks' balances

as at March 21, 1979

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
LIABILITIES				
Sterling deposits:				
UK banking sector	5,735		−175	
UK private sector	28,831		+198	
UK public sector	558		− 95	
Overseas residents	2,692		+143	
Certificates of deposit	1,800		+ 85	
		39,618		+148
of which: Sight		16,752		+276
Time (inc. CD's)		22,865		−128
Foreign currency deposits:				
UK banking sector	4,730		−130	
Other UK residents	1,007		− 22	
Overseas residents	12,107		−229	
Certificates of deposit	1,174		− 42	
		19,018		−424
Total deposits		58,636		−276
Other liabilities*		9,735		+ 20
TOTAL LIABILITIES		68,371		−256
ASSETS				
Sterling				
Cash and balances with Bank of England		1,161		+ 23
Market loans:				
Discount market	2,175		−142	
UK banks	7,128		−156	
Certificates of deposit	900		+235	
Local authorities	1,023		− 1	
Other	317		− 4	
		11,543		− 68
Bills:				
Treasury bills	458		+ 59	
Other bills	808		− 11	
		1,266		+ 49
Special deposits with Bank of England		—		−116
Investments:				
British Government stocks	1,895		−160	
Other	1,610		+ 52	
		3,505		−108
Advances:				
UK private sector	21,146		+150	
UK public sector	333		+113	
Overseas residents	3,119		+ 15	
		24,677		+278
Other sterling assets*		6,184		+172
Foreign currencies				
Market loans:				
UK banks and discount market	4,038		−150	
Certificates of deposit	219		+ 15	
Other	8,160		−342	
		12,418		−477
Bills		43		+ 1
Advances:				
UK private sector	2,140		− 14	
UK public sector	963		—	
Overseas residents	3,447		− 38	
		6,550		− 52
Other foreign currency assets*		1,024		+ 36
TOTAL ASSETS		68,371		−256
Acceptances		415		+ 12

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	58,636	−276	15,982	+ 52	10,919	− 52	11,916	−110	17,975	−192	1,834	+ 26
ASSETS												
Cash and balances with Bank of England	1,161	+ 23	359	+ 24	172	+ 9	291	+ 33	312	− 25	27	− 11
Market loans:												
UK banks and discount market	13,341	−448	2,381	−205	3,102	+ 94	1,880	−287	5,007	− 94	371	+ 43
Other	10,620	− 96	3,422	+160	2,614	−128	1,425	− 88	2,878	− 34	281	− 5
Bills	1,308	+ 39	301	+ 26	108	− 1	487	+106	390	− 80	23	—
Special deposits with Bank of England	—	−116	—	− 44	—	− 3	—	− 28	—	− 36	—	− 5
British Government stocks	1,895	−160	475	− 21	315	− 67	419	− 4	558	− 69	128	—
Advances	31,227	+227	8,834	+ 54	4,752	− 13	7,353	+ 90	9,208	+ 95	1,080	—

TABLE 3. CREDIT CONTROL INFORMATION
(Parent banks only)

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
Eligible liabilities	25,939	+187	8,010	+ 84	3,971	− 55	6,209	+192	6,759	− 40	931	+ 6
Reserve assets	3,420	+ 72	1,055	+ 41	509	− 16	866	+ 71	869	− 24	121	—
Reserve ratio (%)	13.2	+ 0.2	13.2	+ 0.4	12.8	− 0.2	13.8	+ 0.7	12.9	− 0.2	13.0	—

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	March 21, 1979 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	26,098	+205
Scottish clearing banks	2,819	—
Northern Ireland banks	917	+ 8
Accepting houses	1,986	+ 72
Other	6,504	+ 90
Overseas banks		
American banks	4,040	+ 81
Japanese banks	301	+ 9
Other overseas banks	2,498	+ 72
Consortium banks	230	− 5
Total eligible liabilities*	46,083	+530
Reserve assets		
UK banks		
London clearing banks	3,448	+ 76
Scottish clearing banks	373	− 1
Northern Ireland banks	132	− 4
Accepting houses	283	+ 3
Other	944	—
Overseas banks		
American banks	540	− 39
Japanese banks	48	+ 2
Other overseas banks	436	+ 13
Consortium banks	45	− 2
Total reserve assets	6,247	+ 48
Constitution of total reserve assets		
Balances with Bank of England	412	+ 24
Money at call:		
Discount market	3,315	+ 70
Other	241	− 11
UK, Northern Ireland Treasury Bills	826	+ 70
Other bills:		
Local authority	87	− 79
Commercial	812	− 9
British Government stocks with one year or less to final maturity	535	− 16
Other	—	—
Total reserve assets	6,247	+ 48
Ratios %		
UK banks		
London clearing banks	13.2	+ 0.2
Scottish clearing banks	13.2	− 0.1
Northern Ireland banks	14.4	− 0.5
Accepting houses	14.2	− 0.4
Other	13.9	− 0.2
Overseas banks		
American banks	13.4	− 1.2
Japanese banks	15.8	+ 0.1
Other overseas banks	13.1	+ 0.1
Consortium banks	19.5	− 0.3
Combined ratio	13.6	—
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	190	−182
2—Finance houses		
Eligible liabilities	289	− 6
Reserve assets	40.9	− 0.1
Ratio (%)	14.2	+ 0.1

Special deposits at March 21 were nil (down £249m) for banks and nil (down £4m) for finance houses. * Interest-bearing eligible liabilities were £29,891m (up £118m).

Wall Street slightly ahead at mid-session

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—52½% (53%)
Effective $2.1020 23¼% (23¼%)

A SLIGHTLY firmer tendency was evident on Wall Street yesterday morning in fairly active trading, helped by signs of a narrowing of differences in the lorry drivers' wage negotiations.

The Dow Jones Industrial Average was a marginal 0.26 harder at 873.96 at 1 pm, after posting a small loss on Monday.

Closing prices and market reports were not available for this edition.

The NYSE All Common Index improved 12 cents to $58.00, while rises narrowly led declining issues by a seven-to-five ratio. Trading volume expanded to 21.00m shares from the previous day's 1 pm figure of 18.31m.

Analysts said large cash reserves held by institutions and expectations of strong first-quarter corporate profit reports were helping the market.

However, they added that confusion about the direction of interest rates and caution ahead of President Carter's news conference to be made that afternoon were restraining influences.

General Public Utilities recovered ¼ to $13¼ and again led the actives list. The stock has been under pressure since the accident at its Three Mile Island nuclear power plant.

Holiday Inns, which on Monday announced plans to take a stake in a Las Vegas casino, advanced 1¼ to $19¼, but other Gaming shares turned easier.

Bally Manufacturing slipped ¼ to $69¼ and Caesars World ¾ to $66¼.

General Motors picked up ¼ to $58¾. The company stated that it expects to sell 900,000 of its compact "X" cars by October, 1980.

United Technologies hardened ¾ to $39¼, International Paper ¾ to $47¼ and Kaiser Aluminum ¼ to $21¼. All three reported higher first-quarter net earnings. Beech Aircraft's March quarter results also rose, but the stock eased ¼ to $25¼.

Boeing rose $1 to $65¾ after *announcing* a $1.3bn deal with Korean Airlines covering ten 747 jet aircraft, options on eight more, and spare parts.

IBM picked up 1¼ to $320¼.

AMERICAN SE prices put on a mixed performance, although the Amex index was up 0.08 at 181.18 at 1 pm. Volume 2.37m shares (2.36m).

Active Tubos de Acero de Mexico moved ahead 1¾ to $25¾. It has announced plans for a stock distribution.

Volume leader Great Basins Petroleum eased ¼ to $6¾. A block of 143,900 shares were traded at $6¼.

Syntex picked up ¼ to $36¼, Dome Petroleum 1¾ to $107¾ and Amdahl ¼ to $38.

Canada

After Monday's widespread downturn, stocks moved irregularly in moderate early dealings yesterday.

The Toronto Composite Index was just 0.1 firmer at 1,467.2 at noon. Oils and Gas picked 7.3 to 2,185.9 on index, while Utilities improved 0.63 to 219.80, but Metals and Minerals receded 7.5 to 1,264.3, Golds 3.8 to 1,546.0 and Banks 0.26 to 310.60.

Hudson's Bay, the most active Toronto Industrial, shed ¾ to C$33 on 127,484 shares. Weston, which has dropped out of the bidding for Hudson's Bay shares, gained ¼ to C$24¼.

Noreen, which forecast higher first-quarter net profits, hardened ¼ to C$20¼, but Inco, at C$23¼, and Moore, at C$38¾, were each off 1.

Tokyo

If the face of heavy selling pressure, stocks suffered a further widespread retreat on worries that the Bank of Japan may decide this week to raise its official discount rate.

The Nikkei-Dow Jones Average fell 85.11 to a new low for the year of 5,925.87 for a two-day loss of 139.13. The Tokyo SE index receded 4.32 more to 435.22, also a 1979 low, while business volume came to 350m shares (370m).

Investors are also becoming more concerned about recent rises in wholesale prices. The Bank of Japan announced yesterday in that the nation's March wholesale price index rose 0.9 per cent from the February level and was up 0.1 per cent from a year ago at 105.7. Wholesale prices have been steadily rising since last November.

Recently-selected export-orientated issues and populars were at the fore of the market's retreat.

Sony fell Y60 to Y1,930, TDK Electronics Y60 to Y1,780, Nissan Motor Y12 to Y676, Toyota Motor Y9 to Y850, Canon Y13 to Y567, Honda Motors Y19 to Y522, Arabian Oil Y100 to Y2,520 and Fuji Photo Film Y11 to Y630.

However, some speculative stocks, such as Shippings were bought. Sanko Steamship climbed Y40 to Y285.

Germany

Shares drifted lower in listless trading, affected by Easter holiday influences. The Commerzbank index shed 4.1 more to 780.0.

Among Machine Manufacturers, Gutehoffnungshuette and KHD declined DM 3.50 apiece, while Linde lost DM 3.

In the Stores sector, Horten and Karstadt each shed DM 2, while Neckermann receded DM 2.50, while Electricals had AEG down DM 1.60 and Siemens DM 1.20 cheaper. Among Banks, Dresdner Bank lost DM 1 and Deutsche Bank DM 1.60.

The weakening trend continued on the Domestic Bond market and Public Authority issues were marked down by up to 35 pfennigs more. The Bundesbank absorbed DM 27.1m nominal of paper in Frankfurt after DM 23.3m purchases on Monday. Mark Foreign Loans also lost ground.

Paris

Profit-taking after the gains of the previous four sessions caused share prices to generally react yesterday in moderate trading. The Bourse Industrials index slipped back 0.6 to 79.5.

Portfolios and Oils mostly posted small gains, however, and Banks were mixed. Mechanicals and Metals were the hardest hit sectors.

Olida et Caby put on 5 per cent after announcing that it intends to make a *one-for-10 free* scrip issue. Pricel further advanced, still responding to reports that it is holding merger talks with Chargeurs Reunis, which retreated 4 per cent.

Among those sustaining the heaviest losses were Locabail, Mumm, Peugeot-Citroen, Auxiliaire D'Entreprises, Poclain, Prenatal, Elf-Aquitaine, Creusot Loire, Air Liquide, Saint-Gobain, Imetal, Bouygues, Dumez and Redoute.

Australia

Further selective buying produced a number of bright spots in otherwise quiet markets yesterday.

BHP, after Monday's reaction of 15 cents, encountered renewed demand and rose 45 cents to A$11.90 ahead of going ex the dividend and share split later this week.

Still helped by expectations of an increase in the sugar price, CSR gained 7 cents at A$3.75 for a two-day rise of 20 cents in front of its March profit figures.

News put on 10 cents to A$2.68, while Malleys, which is involved in merger talks with Simpson Pope, gained 5 cents to A$1.10.

CRA rose 8 cents to A$3.73, aided by its quarterly Ashton diamond report, while Ashton Mining improved 5 cents to A$1.10, but the third partner in the venture, Northern Mining, shed 5 cents to A$1.10.

Higher metal prices gave an uplift to a number of base metal mining stocks. Western Mining hardened 3 cents more to A$2.41 in active trading, while MIM gained 4 cents to A$3.26.

Mount Lyell added 3 cents at 85 cents on stronger copper prices and news that it is to search for diamonds in Tasmania.

Speculative interest was seen for the Oil Shale twins, Southern Pacific Petroleum, advancing 15 cents to A$3.00, and Central Pacific, 50 cents to A$7.50.

Hong Kong

The market turned moderately easier in idle conditions, with the Hang Seng index slipping 4.53 to 530.92.

Hong Kong Wharf shed 50 cents to HK$33.50 and Hong Kong Electric 20 cents to HK$5.70, while Jardine Matheson and Hongkong Bank lost 10 cents apiece to HK$11.80 and HK$12.80 respectively.

Hutchison Whampoa reacted 7.5 cents to HK$4.075 despite reporting increased profits. Wheelock "A" also fell 7.5 cents to HK$3.10, but Swire Properties put on 5 cents to HK$3.15.

Johannesburg

Gold shares were quietly easier, while Diamond leader De Beers lost 10 cents to R8.15. However, Coppers were steady to firmer, while Platinum issues gained ground, with Rusplat, R2.98, and Lydplat, R1.87, each closing about 8 cents higher.

Collieries were easier in a quiet trade, while Industrials were mixed to lower.

Brussels

Local issues were inclined to lose ground in moderate activity.

Steels, however, had Hainaut Sambre up 12 at BFr 820.

Utility, Non-ferrous Metal and Chemical shares declined, with Unerg losing 35 to BFr 1,545, Vieille Montagne 40 to BFr 1,710 and Tessenderloo 16 to BFr 722.

Switzerland

Prices displayed a firmer bias, underpinned by a strong dollar.

Ciba Geigy gained 20 to SwFr 1,295 and Sandoz 25 to SwFr 4,375, but Union Bank declined 35 to SwFr 3,280.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Apr. 9	Apr. 6	Apr. 5	Apr. 4	Apr. 3	April 2	1979 High	1979 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	873.70	875.69	877.60	869.88	868.33	855.25	877.60 (5/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	84.54	84.56	84.66	84.62	84.59	84.61	85.90 (2/2)	84.09 (15/1)	—	—
Transport	254.22	234.08	232.62	231.35	230.18	225.36	234.22 (9/4)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	104.47	104.94	104.87	104.84	104.15	103.52	104.84 (6/4)	99.10 (2/1)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	27,230	34,710	34,520	41,940	35,630	28,040	—	—	—	—

◆ Day's high 879.07 low 869.46

	Apr. 6	Mar. 30	Mar. 23	Year ago (approx)
Ind. div. yield %	5.65	5.74	5.75	6.06

STANDARD AND POORS

	Apr. 9	Apr. 6	Apr. 5	Apr. 4	Apr. 3	April 2	1979 High	1979 Low	Since C'mpil'n High	Since C'mpil'n Low
‡Indust'ls	114.85	115.24	115.38	114.65	114.37	112.61	115.69 (9/1)	107.08 (27/2)	134.54 (11/1/73)	3.55 (30/6/32)
§Composite	102.87	103.18	103.26	102.65	102.40	100.90	103.26 (5/4)	96.13 (27/2)	125.85 (11/1/6)	4.40 (1/6/32)

	April 4	Mar. 28	Mar. 21	Year ago (approx)
Ind. div. yield %	4.97	4.99	5.03	5.39
Ind. P/E Ratio	8.70	8.66	8.58	8.48
Long Gov. Bond Yield	8.99	8.98	9.02	8.32

N.Y.S.E. ALL COMMON

Apr. 9	April 6	Apr. 5	Apr. 4	1979 High	1979 Low
57.88	58.04	58.06	57.71	58.06 (5/4)	53.88 (27/2)

Rises and Falls

	Apr. 9	April 6	April 5
Issues Traded	1,915	1,901	1,901
Rises	558	732	907
Falls	921	704	560
Unchanged	436	475	434
New Highs	51	86	73
New Lows	21	18	12

MONTREAL

	Apr. 9	April 6	Apr. 5	Apr. 4	1979 High	1979 Low
Industrial	247.01	248.70	248.44	247.80	250.31 (27/3)	219.19 (2/1)
Combined	249.44	250.98	250.35	249.17	250.98 (6/4)	225.80 (2/1)
TORONTO Composite	1467.1	1476.1	1472.1	1466.9	1475.1 (6/4)	[illegible]

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Banks Ltd.	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Julian S. Hodge	13 %
American Express Bk.	12 %	Hongkong & Shanghai	12 %
A P Bank Ltd.	12 %	Industrial Bk. of Scot.	12½%
Henry Ansbacher	12 %	Keyser Ullmann	12 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	13½%
Banco de Bilbao	12 %	Lloyds Bank	12 %
Bank of Credit & Cmce.	12 %	London Mercantile	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Brit. Bank of Mid. East	12 %	P. S. Refson & Co.	12 %
■ Brown Shipley	12 %	Rossminster	12 %
Canada Perm't Trust	12 %	Royal Bk. Canada Tst.	12 %
Cayzer Ltd.	12 %	Schlesinger Limited	12 %
Cedar Holdings	12 %	E. S. Schwab	13 %
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13 %
Choulartons	12 %	Shenley Trust	15 %
C. E. Coates	12 %	Standard Chartered	12 %
Consolidated Credits	13 %	Trade Dev. Bank	12 %
Co-operative Bank	*12 %	Trustee Savings Bank	12 %
Credit Lyonnais	12 %	Twentieth Century Bk.	13 %
The Cyprus Popular Bk.	12 %	United Bank of Kuwait	12 %
Duncan Lawrie	12 %	Whiteaway Laidlaw	12½%
Eagil Trust	12 %	Williams & Glyn's	12 %
English Transcont.	12½%	Yorkshire Bank	12 %
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	†12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%, 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10%, and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9¾%.

Pig disease fear near Manchester

By Our Commodities Staff

MINISTRY OF AGRICULTURE veterinary officers are investigating a suspected outbreak of swine vesicular disease in the Greater Manchester area, some 70 miles from the heart of the current outbreak on *Humberside*.

Three cases have recently been confirmed outside the Humberside region, but all were *relatively close*.

The Ministry is especially concerned about the investigation near Manchester because it *is close* to Heaton Moor, a town which was apparently one of the focuses of infection in the last major outbreak of the disease almost two years ago.

There have been eight cases of the disease reported since blanket restrictions on movement of pigs were lifted a month ago in North Humberside.

Cost so far of the eradication programme, which includes slaughter of all pigs on infected *farms, is about £1.5m.*

Brazil leads new bid to raise coffee prices

BY RICHARD MOONEY

COFFEE FUTURES prices climbed to their highest levels for six months on the London market yesterday as dealers became increasingly convinced that *Brazil had, after all, succeeded* in persuading Central American producers to raise their export prices.

Brazilian coffee officials met representatives from Colombia and El Salvador at last week's International Coffee Organisation (ICO) meeting in London to press them to raise their prices. But in the absence of evidence to the contrary traders assumed that the talks had failed and were confidently predicting that Brazil would cut its own export price at the weekend to make its coffee more competitive.

How can the Landesbanks reconcile

The expected price cut has failed to materialise, however, and the announcement on *Monday of a Brazilian price guarantee scheme*, described in London as "a meaningless piece of *window dressing*," seems to have convinced most traders that the Central Americans will shortly be raising their export prices.

The scheme guarantees importers full compensation for any reduction in Brazil's minimum export price between the time coffee is purchased and its delivery. But London dealers pointed out yesterday that the export minimum is fixed arbitrarily by the Brazilians and importers are unlikely to gain any real benefit.

Coupled with chartist and speculative buying, expectations of higher export prices brought a sharp overnight advance in New York values which ended Monday's session with a permissible daily limit rise.

This trend was carried over to yesterday's London opening when nearby values rose about £20 a tonne. The July quotation reached £1,505 a tonne at one stage before ending the day *£20.5 higher on balance* at £1,499 a tonne.

The coffee market appears to have shrugged-off the failure of last week's ICO executive Board meeting to agree economic measures

In Bogota yesterday Sr. Arturo Gomez Jaramillo, manager of the Colombian Coffee Growers' Federation, said coffee producers will co-operate among themselves—"as consumers do"—to ensure they get maximum benefits from the free market which consumers defended at the ICO meeting.

● Warmer weather has moved into the coffee growing areas of Parana state following the first cold snap of the year there last weekend, National Weather Department sources said, reports Reuter from Rio de Janeiro.

The office recorded minimum overnight temperatures in Londrina and Maringa of 13 and 15 degrees centigrade respectively.

Inco delays nickel price decision

By John Edwards, Commodities Editor

LE NICKEL confirmed yesterday it was increasing its world nickel price by 25 cents a pound—in line with the rises already announced by other producers.

International Nickel, however, the world's leading producer, said no decision had been taken yet. A spokesman pointed out that when Inco last raised its prices in March, *it had stated they would remain in force until the end of April at least.*

The rises announced by Le Nickel, effective immediately, are much the same as the increases initiated by Falconbridge and quickly followed by Western Mining, Amax and Sherritt Gordon.

The new price for refined melting nickel is basically raised from $2.25 to $2.50 a lb, with a 15 cents premium for plating nickel.

This is the second increase in world nickel prices this year, after Inco started officially quoting prices again in February at a rather higher level than its confidential prices in 1978.

The turn-round in the nickel market from gross surplus to the present situation of near scarcity follows the lengthy strike at Inco's main production unit at Sudbury, which started in September and has still not been settled.

FORESTRY

Burma aims to double hardwood exports

BY A CORRESPONDENT IN RANGOON

BURMESE EXPORTS of teak and other hardwoods are expected to double in the next three years to $128.5m, from the present level of $57m.

The state-owned timber corporation is cashing in on rising world demand for top grade Burmese timber. In terms of volume however, the current level of exports is far below that of 1964 or even four years ago.

In 1964-65, 140,000 tons of teak logs and scantlings were exported. In 1974-75 the figure was 97,391 tons and in 1977-78 the total exported was 84,248 tons.

Timber corporation officials are confident, however, that, with new equipment and other inputs being made available to them, agencies under the corporation will be able to extract more than 350,000 tons of teak and hardwoods this year, the bulk being earmarked for exports.

The rising demand for Burmese teak is due to a fall in export of logs from Thailand and a rise in consumption in Europe and Japan.

Burma's main customers for timber are Britain, West Germany, Scandinavia and Japan. *Some tonnage is being* exported to the Middle East, especially Kuwait.

Burma's export earnings from *forest products were only $30m* in 1970-71. They rose to $57m in 1977-78 and are now expected to reach $128.5m in 1980-81.

Burma has 149,999 miles of forests containing 75 per cent of the world's teak supplies. These, for technical and security reasons, have never been adequately exploited. The forests cover 57.3 per cent of Burma's land surface.

With proper management, these forests are self-renewing and production of teak can be sustained at400,000 to 450,000 tons annually. Because of limited extraction during the past three decades, it is possible to raise the upper limits of extraction to 500,000 tons annually for the next 10 years without *harmful effects.*

However, security and transportation problems limit the amount that can at present be moved from the felling areas to the mills. Teak trees must be girdled and left standing for at least three years. After felling, it takes another two to three years before each individual log reaches the mill for conversion.

The prime difficulty facing the industry is the movement of the logs from the felling areas to the mills. There has been little improvement on the method used since the last century.

Logs are hauled from the felling sites by buffaloes or elephants to the nearest streams or river tributaries and floated down to collection areas where they are tied together to form rafts. The rafts in turn are floated down to the mills. It is a slow but nevertheless economical method.

The problem is being tackled with the expansion of the country's network of roads. This year also, the cable logging extraction technique was introduced in West Burma's Arakan Yomas region.

The drive to boost teak production and export began in 1975 with a World Bank credit of $24m. This met the cost of new equipment for extraction, transport, road construction and maintenance and rehabilitation of saw mills.

There had been a steady fall *in extraction power* during the years 1968 to 1973. Official figures show that the number of mechanical saws in use fell from 232 to 168 in that period, handsaws from 4,554 to 4,200, trucks from 1,906 to 1,725, and working buffaloes from 17,518 to 14,940. During this period *however*, there was an increase in the number of working elephants from 3,199 to 3,405. Tractors in use rose from 128 to 132.

The need for forest regeneration has not been neglected. In 1977/78 more than 8,560 acres and in 1978/79 some 19,400 *acres were planted with* seedlings of teak, hardwoods and eucalyptus. The latter is for possible use in pulp making for the nation's sole paper mill.

OPEC-style commodity pricing urged

By Our Commodities Staff

PRIMARY PRODUCER countries should opt for OPEC-style pricing of their commodity exports instead of supporting price stabilisation schemes, Tun Tan Siew Sin, chairman of Sime Darby Holdings told a seminar in Kuala Lumpur yesterday.

Returning to a theme he first expounded at a meeting of the ASEAN Business Council in February, Tun Tan *said* all the producers would have to do was come to agreement on prices for their products. The machinery required would be *fairly* straightforward.

In February he said a cartel strategy would be simpler, cheaper and more effective than the integrated commodity programme sponsored by Unctad.

At yesterday's seminar he said *industrial nations at present* enjoyed the best of both worlds. Not only did they fix the prices of the manufactured goods they sold but also those of the raw materials they bought.

U.S. copper pricing confusion

BY DAVID LASCELLES IN NEW YORK

TWO LEADING U.S. copper producers shifted their prices in different directions yesterday, reflecting the highly excited state of the U.S. copper market. But the broader trend still appears to be upward.

Anaconda, the Atlantic Richfield subsidiary, announced a one cent cut in the premium it charges over the New York Commodity Exchange price, bringing the premium down from 3.5 to 2.5 cents. The company claimed this was a *gesture of support for President* Carter's anti-inflation programme, and resulted from discussions it had with the Administration's Council on Wage and Price Stability.

However, market sources doubted that this was the real motive. They noted, for instance, that Anaconda's cut brought its premium back to the level set by Kennecott and Cities Service, the other major producers who set their prices this way.

Anaconda originally increased its premium in February at a time when the copper market was showing exceptional strength. However, it may now have begun to blunt its competitive edge somewhat.

Anaconda is also a major consumer of its own copper, which means it stands to benefit less from higher copper prices than companies who sell most of their production.

At the same time, Inspiration Consolidated Copper announced a 5 cent a pound increase to $1.03, in a move which observers said reflected the broader trend of the market where threats of supply shortages have been pushing prices up.

Tin market tumbles

BY JOHN EDWARDS, COMMODITIES EDITOR

CASH TIN prices tumbled on the London Metal Exchange yesterday as the supply squeeze on the market eased.

Standard grade cash tin closed £212.5 down at £7,187.5 a tonne. The three months' quotation also moved lower but only by £85 to £7,047.5.

On Monday the gap between cash and three months widened to £265 at one stage. The *downturn in the market* came despite another rise in Penang overnight by M$24 to a peak of M$2,005 a picul.

In the past week the Penang price has risen by M$90 as a result of strong demand and lower deliveries of tin concentrates by miners to the smelters.

However, selling in London triggered off by more freely available supplies and the rise in sterling, was accelerated by profit-taking and stop-loss sales.

The fall in tin reflected a general decline in metal prices on the Exchange *reflecting pre-holiday profit*-taking encouraged by the increase in the value of sterling against the dollar.

Copper cash wirebars lost £6.25 to £1,043 a tonne.

Winter grain crops 'normal'

WASHINGTON — Winter grain crops, notably wheat, have come through the cold weather in "fairly normal condition" throughout major producing areas of the northern hemisphere, according to the U.S. Agriculture Department.

Although still months away from harvest, the condition of winter crops at this time is often a key to final production.

The department said prolonged heavy rain and late harvesting of 1978 crops disrupted last autumn's planting of winter grain in the northern European parts of the Soviet Union and in parts of Eastern Europe.

Countries with the best weather this season are India, Pakistan and Turkey, "where producers may see an increase" from their large crops in 1978, it said.

'Asia must plant more trees'

BY DANIEL NELSON IN MANILA

DEVELOPING countries in the Asia-Pacific region will find themselves short of timber before the end of the century, according to a working paper prouced by the Asian Development Bank.

This will lead to the phasing-out of "intransit" processing of saw and vener logs and an end to exports of unprocessed lumber.

The report says that a 10m hectare a year reforestation programme costing up to $800m annually is required is Asia is to meet the regional deficit of 170m cubic metres of traditional forest products which the Food and Agriculture Organisation (FAO) believes will occur by 1990.

It also estimates that an annual outlay of between $800m and $2bn on processing facilities will be required for the bank's developing member countries to achieve self-sufficiency in forest industrial production.

The working paper argues that the present pace of production per unit of forest area —30 times higher than in Africa, which is itself 100 times greater than in South America —cannot be sustained without "significant improvement" in forest management and a commitment to resource renewal.

In six countries, says the report — Afghanistan, Bangladesh, Sabah, Pakistan, Thailand and the Philippines —it appears that the annual increment of commercial species is being over-cut.

The fastest rates of growth in production since 1960 have been in Malaysia, particularly Sabah (600 per cent), Indonesia (400 per cent) and the Philippines (100 per cent). This growth is directly related to the rapid development of the Japanese market for imported logs.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground on the London Metal Exchange. After opening higher at £1,056 reflecting the firmness of overnight U.S. markets forward fell back on profit-taking and pre-Easter book squaring coupled with the strength of sterling to close at the day's low of £1,039.5 on the late kerb. *Turnover, 36,376 tonnes.*

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1051-.5	+4.75	1042.5-3.5	-8.25
3 months	1054.5-5.5	+4.25	1047-.5	-8
Settl'm'nt	1051.5	+4.5	—	......
Cathodes				
Cash	1051-2	+7.5	1041-4	-4
3 months	1050-1	+7	1040-5	-6
Settl'm'nt	1052	+7	—	......
U.S. Smt.	—	......	*95-103.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,051, 50.5, 51, three months £1,054, 55, 54.5, 52, 50, 49, 50, 53, 52, 53, 54, 53.5, 54.5, 55. Cathodes, cash £1,051. Kerb: Wirebars, three months £1,053, 52, 51.5, 51, 50, 51. Afternoon: Wirebars, mid-April £1,047, three months £1,049, 50, 49.5, 48, 47, 48, 47.5, 47. Kerb: Wirebars, three months £1,045, 46, 46.5, 46, 45.5, 46, 44, 43.5, 43, 42, 42.5, 42, 41, 40, 40.5, 40, 39, 39.5, 40.

TIN—Fell heavily reflecting an easing in the supply situation following fresh arrivals of metal from the east into LME warehouses coupled with the strength of sterling. After opening higher at £7,190 owing to the sharp rise in the Penang market forward metal came under pressure to close at £7,065 on the late kerb, after being £7,040, with the backwardation narrowing sharply to around £180. Turnover, 1,015 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7190-220	-175	7165-210	-202
3 months	7110-40	-45	7075-95	-100
Settlem't	7220	-170	—	......
Standard				
Cash	7180-220	-175	7175-200	-212
3 months	7070-5	-82.5	7045-50	-85
Settlem't	7220	-170	—	......
Straits. E.	‡$2005	+24	—	......
New York	—	......		

Morning: Standard, three months £7,130, 25, 20, 7,100, 7,090, 80, 70. Kerb: Standard, three months £7,180, 75, 70, 60. Afternoon: Standard, three months £7,050, 30, 40, 45. Kerb: Standard, three months £7,065.

LEAD—Lower with forward metal touching a day's high of £544.5 in the morning before profit-taking and Commission House selling depressed the price to £535 on the late kerb. Turnover, 9,775 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	568-9	-5	561-3	-14
3 months	538-9	-5	532-5	-11.2
Sett'ment	569	-5	—	......
U.S. Spot	—	......	*44	......

Morning: Cash £568, 70, 69, three months £542, 41, 40, 38, 37, 38. Kerb: Three months £538, 37. Afternoon: Three months £537, 36, 35, 34, 33. Kerb: Three months £533, 34, 35, 34.

ZINC—Down following persistent selling from one particular source which depressed forward metal from £397 on the early pre-market to £385 on the late kerb. Turnover, 5,075 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+or —
	£	£	£	£
Cash	377-8	-7.25	375-6	-9
3 months	389.90	-6	386.5-7	-8.75
S'ment	378	-7	—	......
Prim.west	—	......	*37.5	......

Morning: Cash £378.5, 78, three months £393, 92, 91, 90.5, 90. Kerb: Three months £387, 88, 87. Afternoon: Three months £387, 86, 86.5. Kerb: Three months £387.

ALUMINIUM—Barely changed in quiet trading with forward metal trading between £752 and £756 before closing the late kerb at £752.5. Turnover, 1,875 tonnes.

Aluminm	a.m. Official	†+or —	p.m. Unofficial	†+or —
	£	£	£	£
Spot	750-1	-1	750.5-2.5	-.5
3 months	752-3	-2	752.5-3.5	-.5

Morning: Three months £755, 53, 52.5, 52. Afternoon: Three months £753. Kerb: Three months £752.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 2.45p an ounce higher for spot delivery in the London *bullion market yesterday at 360.6p. U.S.* cent equivalents of the fixing levels were: spot 757.8c, up 8.7c; three-month 775.4c, up 9.2c; six-month 792.4c, up 10.2c; and 12-month 817.0c, up 9.8c. The metal opened at 358-359p *(753-755c) and closed at* 356½-357½p (750-752c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	360.6p	+2.45	358.5p	+4.6
3 months	369.7p	+2.5	367.35p	+4.5
6 months	377.8p	+2.6	—	......
12 months	390.7p	+2.6	—	......

LME—Turnover 155 (412) lots of 10,000 ozs. Morning: Cash 360.5, three months 369.5, 69.8, 69.5, 69.7, 69.8, 69.7, 69.9, 69.5, 69.6, 69.7. Kerb: Three months 369.5, 9.6, 9.7. Afternoon: Three months 368.3, 68.5, 68.3, 68.2, 67, 67.3, 67.2, 67.3, 67.4. Kerb: Three months 366.6, 67.

COCOA

Prices continued to decline in dull conditions, closing at the day's lows, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
May	1560.0-62.0	-29.0	1575.0-55.0
July	1545.0-44.0	-23.0	1562.0-35.0
Sept	1568.0-69.0	-28.0	1590.0-61.0
Dec	1637.0-39.0	-27.5	1660.0-32.0
March	1672.0-76.0	-24.0	1690.0-70.0
May	1700.0-05.0	-15.0	1712.0-1698
July	1725.0-25.0	-13.5	1751.0-15.0

Sales: 8,833 (4,357) lots of 15 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price April 9: 145.35 (146.45): Indicator prices for April 10: 15-day average 149.58 (150.09); 22-day average 151.38 (151.94).

WOOL FUTURES

SYDNEY GREASY — Close (in order *buyer, seller, busines, sales). Micron* Contract: May 399.0, 410.0, 400.0-399.0, 16; July 406.0, 408.0, 408.0-407.0, 4; Oct. 404.0, 405.0, 405.0-405.0, 8; Dec. 404.5, 405.5, 405.0-405.0, 18; March 407.2, 408.0, 409.0-407.0, 18; May 408.5, 409.5, 409.5-409.0, 13; July 411.5, 412.0, 412.0-411.7, 7; Oct. 415.0, 416.0, 416.0-415.0, 7. Sales: 91.

COFFEE

ROBUSTAS opened £20 higher, reflecting the firmness of the New York "C" contract. During the afternoon good trade buying coupled with possible producer support provided additional strength to the more distant positions, thus widening differentials. Values close £20-£49 up from yesterday, reported Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1564-1565	+38.0	1659-1564
July	1498-1500	+20.5	1405-1485
September	1512-1514	+34.5	1514-1493
November	1518-1520	+46.0	1525-1495
January	1521-1523	+41.5	1523-1496
March	1506-1515	+41.0	1510-1490
May	1495-1505	+36.0	1500-1482

Sales: 7,308 (4,036) lots of 5 tonnes.

ICO Indicator prices for April 9 (U.S. cents per pound): Colombian *Mild Arabicas* 139.50 (135.50); unwashed Arabicas 144.00 (same); Robustas ICA 1968 139.50 (138.00); Robustas ICA 1976 137.84 (137.00); other Mild Arabicas 136.67 (133.00). Composite daily average 134.26 (134.03).

RUBBER

STEADIER opening on the London physical market. Fair demand throughout the day, closing uncertain. *Lewis* and Peat reported a Malaysian godown price of 277 (271½) cents a kg (buyer, May).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
May	60.50-61.00	60.05-60.10	61.40-61.25
June	61.50-62.05	61.10-61.25	62.50
Jy-Sept.	63.30-63.55	62.55-62.75	64.00-62.65
Oct-Dec	65.50-65.60	64.60-64.85	64.08-64.90
Jan-Mar	67.00-67.05	66.45-66.65	67.75-67.00
Apr-Jne	68.30-68.50	68.00-68.05	69.10-68.30
Jy-Sept.	69.80-70.10	69.60-69.80	70.55-70.55
Oct-Dec	71.55-71.60	71.30-71.40	72.25-71.80
Jan-Mar	75.50-73.60	73.40-73.45	73.80-73.40

Sales: 401 lots of 15 tonnes, 8 lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 60.25p (59.5); May 63.5p (63.0); June 63.5p (63.0).

GRAINS

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, *April-May 79.75, May 78, June 78.25,* transhipment East Coast. U.S. Hard Winter, 13½ per cent, unquoted. EEC unquoted. Maize: U.S./French April 112, May 113, transhipment East Coast. South African White unquoted. South *African Yellow May 77 nom.* Barley: English feed fob unquoted.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
May	102.60	+0.4	98.50	-0.45
Sept.	93.60	+0.4	87.55	-0.4
Nov.	96.55	-0.8	90.70	-0.65
Jan.	99.85	-0.5	94.15	-0.35
Mar.	102.55	-0.55	97.00	-0.5

Business done—Wheat: May 103.00-102.30, Sept. 94.00-93.45, Nov. 96.85-96.45, Jan. 100.10-99.85, March 102.90-102.45. Sales: 336. Barley: May 98.95-98.15, Sept. 87.80-87.50, Nov. 90.80-90.65, Jan. 94.25-94.25, March nil. Sales: 133.

HGCA—Locational ex-farm spot prices. Other milling wheat: N.E. England 102.00. Feed barley: N.E. England 94.80, *Berks. and Oxon.* 96.10.

The UK monetary coefficient for the week beginning April 9 (based on HGCA calculations) is expected to decrease to 1.211.

LONDON FUTURES (GAFTA)—Old crops opened changed to 10p higher. Wheat saw a good trade but commercial sellers eased values to 70p lower where some support was seen which rallied the market sightly, but values closed week 40p lower on the day. Barley saw thin trading conditions and May closed 45p lower. New crops opened 25p lower and values eased on lack of buying support to close 55-60p down on wheat and 35-50p down on barley. Acli reported.

SOYABEAN MEAL

The London market opened with losses of £1 to £1.50 on smaller than expected U.S. exports, reported T. G. Roddick. Stronger sterling added to the weakness and the market closed on lows with losses of £2-£2.50.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
April	115.80-28.0	-2.8	—
June	122.50-22.8	-2.85	125.00-122.70
August	124.70-24.8	-2.55	126.00-124.80
October	125.80-24.2	-2.5	125.00-124.00
December	122.70-22.9	-1.95	123.00-122.70
February	125.00-24.8	-2.8	—
April	122.80-28.8	-2.2	—

Sales: 84 (133) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £95.00 (£97.00) a tonne cif for March-April shipment. White sugar daily price was fixed at £102.00 (same).

First trades were some 50 points below kerb levels, and further losses were recorded over the morning following persistent long liquidation, reported C. Czarnikow. However, good support was uncovered at the lower levels and the market recovered so that closing prices showed little change from first traded levels.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	101.55-01.40	102.80-02.65	102.60-00.80
Aug.	105.40-05.50	105.85-05.70	105.70-04.70
Oct.	108.50-08.55	109.70-09.75	109.75-07.75
Dec.	112.00-12.10	112.70-12.75	112.50-11.30
March	116.15-16.25	116.60-17.00	116.25-15.50
May	118.50-18.75	119.10-19.40	118.50
Aug.	121.75-22.25	122.95-23.25	122.00

Sales: 3,501 (3,113) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £166.00 (£167.50) for export.

International Sugar Agreement (U.S. *cents per pound fob and stowed* Caribbean port). Price for April 9: Daily 8.03 (8.00); 15-day average 8.33 (8.35).

WHITE SUGAR—Close (in order buyer, seller, business, sales): July 104.50, 105.25, nil, 30; Sept. 109.50, 108.85, 110.00-08.50, 66; Nov. 112.50, 112.75, 112.75-12.50, 62; Feb. 119.75, 120.15, 120.00, 10; April 123.50, 124.25, nil, 3; July 126.00, 129.00, nil, nil; Sept. 130.00, 134.00, nil, nil. Sales 171.

MEAT/VEGETABLES

LONDON GREASY—Close (in order buyer, seller): May 240.0, 245.0; July 247.0, 253.0; Oct., Dec., March, May, July, Oct., all 250.0, 255.0. Sales nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): May 194.0, 198.0; July 198.0, 202.0; Oct. 200.0, 203.00; Dec. 203.0, 207.0; March, May, July, Oct., all 203.0, 209.0. Sales nil.

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 54.0 to 58.0; Eire *hindquarters* 70.0 to 72.0, forequarters 35.0 to 38.0.

Veal: English fats 52.0 to 74.0; Dutch hinds and ends 84.0 to 98.0.

Lamb: English small, new season 94.0 to 102.0, medium new season 94.0 to 100.0, heavy 88.0 to 94.0. Imported frozen: NZ PL 49.5 to 50.0, PM 49.0 to 49.0.

Hoggets: English 36.0 to 78.0; Scottish 36.0 to 74.0.

Pork: English, under 100 lb 36.0 to 45.0, 100-120 lb 35.0 to 43.5, 120-160 lb 34.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets *on April 10.* GB cattle 72.46p per kg l.w. (−0.68); UK sheep 174.3p per kg. est.d.c.w. (+1.1); GB pigs 57.9p per kg. l.w. (−1.4). England and Wales: Cattle numbers down 3.5 per cent, average price 72.54p (−0.81); Sheep numbers up 3.4 per cent, average price 176.0p (no change); Pig numbers up 15.1 per cent, average price 57.4p (−1.7). Scotland: Cattle numbers up 4.8 per cent, average price 72.24p (−0.25); Sheep numbers down 9.6 per cent, average price 181.0p (+7.0); Pig numbers up 3.5 per cent, average price 62.4p (+1.1).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navels 3.00-3.20, Bloods 3.00-3.10; Israeli: Shamouti 4.40-5.50; Cypriot: 3.50-4.30; Moroccan: Valencia Lates 3.80-4.00. Lemons—Italian: 120s 4.80-5.50; Cypriot: trays 3.40-4.70; Spania: trays 30/40/45 1.80-2.70, boxes 4.60. Grapefruit—Cypriot: 2.50-4.00; Israeli: Jaffa 27/88 3.45-4.25. Apples—S. African: Dunn's 4.60-6.00, Golden Delicious 6.60-7.00, Starking 8.00; *French Golden Delicious (40 lb)* 175s 3.30-4.40, (20 lb) 72s 2.10-2.70, 84s 1.70-1.80, (jumble pack) per pound 0.08-0.10, Starkrimson (40 lb) 138/198s 4.00-5.20, (20 lb) 84s 2.00-2.30, 72s 2.40-2.50, (jumble pack) per pound 0.08-0.10; Starking (40 lb) 150/175s 3.80-5.00; Italian: Granny Smith per pound 0.10-0.11; Washington: Red Delicious 40 lb 7.50-10.00. Pears—S. *African: cases 40 lb Packham's* 8.40 Beurre Bosc 6.80, Beurre Hardy 6.80-7.40; cartons 34/35 lb Beurre Hardy 6.00-6.20, Beurre Bosc 5.80-6.00; Italian: Passacrassana trays 14 lb 2.20-2.?. Plums—S. African: per pound Kelsey/*Songold 0.45-0.48, Golden King 0.50.* Bananas—Jamaican: per 28 lb 4.50-4.70. Pineapples—S. African: 10/11s 3.80-4.30; Ivory Coast: each 0.40-0.90. Grapes—S. African: cartons, Salba 5.80, Waltham Cross 6.40, Barlinka 5.90. Strawberries—per 8 oz *Israeli:* 0.50; Spanish: 0.40-0.45; Italian: per ½ lb 0.40. Avocados—Israeli: 3.50-3.60; S. African: 4.40-4.60. Melons—Chilean: White 15 kg 5.50, Green 8/11 6.00; S. African: small boxes 2.50-3.00; Colombian: Green 4.50. Onions—Dutch: 1.80-2.40; S. African: 22 lb 1.80; Hungarian: 55 lb 2.40; Italian: 4.80; Canadian: 50 lb 3.00; Polish: 55 lb 2.50-3.50; Chilean: 4.80-6.00. Tomatoes—Canary: 3.50-5.50; *Jersey: per pound 0.50-0.55; Dutch:* 0.50. Cucumbers—Canary: 10/16s 2.20-2.60; Dutch: 12/16s 2.60-2.80; Romanian: 3.00. Cauliflowers—French: 24s 9.30-9.50; Jersey: 8.50. Lettuces—Dutch: 24s 3.40-3.60. Celery—Spanish: 15/36s 4.50-5.50. Cabbages—Dutch: White, net 6.60-7.00. Potatoes—Canary: 25 kg 4.40-4.50; Egyptian: 50 lb 4.30-4.50; Cypriot: 4.50. Capsicums—Canary: 5 kg 5.50; Cuban: 3.50; Dutch: 5.60.

English Produce: Potatoes—per 25 kg 1.80-2.40. Lettuces—per 12 round 1.80-2.00. Mushrooms—per pound 0.40-0.50. Apples—per pound rBamley 0.05-0.10; Cox's Orange Pippin 0.08-0.20; Laxtons 0.04-0.06. Pears—per pound Conference 0.12-0.17. Beetroots—per 28 lb 0.80-0.90. Carrots—per 28 lb 1.20-1.60. Onions—per 28 lb 1.80-2.00. Rhubarb Swedes—per 28 lb 1.00-1.30. Turnips—per 28 lb 1.30-1.40. Parsnips—per 28 lb *1.20-1.40. Sprouts—per pound 0.16-0.20.* Cucumbers — tray 12/18s 2.60-3.30. Tomatoes—per pound 0.52-0.55.

PRICE CHANGES

In tonnes unless otherwise stated.

	Apr. 10 1979	+ or —	Month ago
Metals			
Aluminium	£710	......	£710
Free Mkt (cs)	$1,565-85	+5.0	$1,475/95
Copper			
Cash w'bar	£1043	-6.25	£937.5
3 mth	£1047.25	-3.0	£955.25
Cash Cathode	£1042.5	-4.0	£933
3 mth	£1052	+7.0	£949.5
Gold troy oz	$239.125	-1.5	$257.875
Lead cash	£562	-14.0	£599
3 mth	£532.5	-11.25	£545.5
Nickel	£2480.55	......	£2,320.88
Freemkt(cif)(lb)	255/85c	......	$208/10c
Platin'm tr'y oz	£159	......	£164.5
Free mkt	£186.15	-2.55	£188.7
Quicksil'ver	$255/65	......	$230/40
Silver troy oz	360.6p	+2.45	355.9p
3 months	369.7p	+2.6	364.5p
Tin cash	£7,187.5	-212.5	£7,300
3 mths	£7,047.5	-85.0	£7,205
Tungsten	$137.32	......	$134.1
Wolfrm 22.04 cif	$151/55	......	$139/46
Zinc cash	£375.5	-9.0	£373.5
3 months	£385.75	-8.75	£386.5
Producers	$800	......	$800
Oils			
Coconut (Phil)	$1,045q	-5.0	$1,000
Groundnut	‡	......	‡
Linseed Crude	£410	......	£408
Palm Malayan	$664x	-10.0	$665
Seeds			
Copra Philip	$720y	......	$680
Soyabean (U.S.)	$312.5r	-2.25	$309
Grains			
Barley Futures	£97.55	-0.40	£94.85
Maize			
French No 3 Am	£112	......	£109.5
Wheat			
No. 1 Red Spg	‡	......	‡
No2HardWint	‡	......	£88.25
Eng. Milling †	£101.5	......	£98
Other commodities			
Cocoa ship't	£1,590	-27.0	£1,780
Future July	£1,558.5	+2.0	£1,749.5
CoffeeF't'r July	£1,499	+20.5	£1,460.5
Cotton A'index	78.6c*	+0.15	75.95c
Rubber kilo §	60.25p	+0.75	56.5p
Sugar (Raw)	£95	-2.0	£103
Wooltp's 64s kl	286p	......	286p

* Nominal. † New crop. ‡ Unquoted. *p* April-May. *q* May-June. *r* May. *s* June-July. April-June. *u* June. *x* Per ton. *z* Indicator. § Buyer.

AMERICAN MARKETS

Copper prices rise

NEW YORK, April 9.

Cocoa—May 137.85 (139.80), July 140.85 (142.55), Sept. 143.85, Dec. 147.85, March 150.40, May 151.85, July 153.25. Sales: 780.

Coffee—"C" Contract: May 140.30-140.85 (136.85), July 142.19 (138.19), Sept. 146.28, Dec. 146.68, March 148.75, May 147.25, July nil. Sales: 1,246.

Copper—April 98.40 (96.10), May 98.90 (95.70), June 99.20, July 99.50, Sept. 99.10, Dec. 98.70, Jan. 98.60, March 98.30, May 98.00, July 97.80, Sept. 97.60, Dec. 97.30, Jan. 97.20.

*Gold—April 239.80 (240.80), May 241.30 (242.40), June 243.20, Aug. 247.30, Oct. 251.60, Dec. 255.80, Feb. 260.10, April 264.40, June 268.70, Aug. 273.10, Oct. 277.60, Dec. 281.80, Feb. 285.30.

*Platinum — April 387.90 - 388.10 (391.00), May 388.00-388.20 (39.10), June 388.20-388.40, July 387.00-388.50, Oct. 389.00, Jan. 390.40-390.60, April (391.00), May 388.00-388.20 (391.10), 388.80-387.00.

This edition went to press before the latest U.S. commodity prices were available.

Potatoes (round whites)—Nov. 62.5 (62.5), March 68.3-68.6 (68.3), April unquoted, May 81.00 asked. Sales: 7.

¶Silver—April 758.50 (752.70), May 762.50 (757.50), June 767.90, July 773.30, Sept. 783.70, Dec. 798.30, Jan. 803.00, March 812.70, May 822.40, July 832.10, Sept. 841.80, *Dec.* 856.50, Jan. 861.30. Handy and Harman spot 761.50 *(750.50).*

Sugar—No. 11: 8.38 (8.33-8.34), July 8.56 (8.54-8.55), Sept. 8.81, Oct. 8.94, Jan. 9.34, March 9.64, May 9.83, July 10.03, Sept. unquoted.

Tin—715.00-720.00 nom. Spot 715.00-720.00 asked (695.00-720.00).

CHICAGO, April 9.

Lard—Chicago loose 28.50. New York prime steam 30.00 nom.

Live Cattle—April 75.95-75.85 (74.87), June 75.37-75.37 bid (73.87), Aug. *72.97-72.97 bid, Oct. 70.85 bid, Dec.* 70.92 bid, Jan. 70.50 asked, Feb. 71.05, April 71.40, June 72.20-72.25, Aug. 71.70 bid. Sales: 35,787.

Live Hogs—April 47.25-47.40 (46.92), June 49.45-49.50 (48.82), July 49.77-*49.85, Aug. 46.90-46.95,* Oct. 43.60-43.70, Dec. 44.00, Feb. 43.70, April 41.55-41.50, June 42.55 bid. Sales: 5,231.

‡‡Maize—May 253¾-254 (254), July 259½-258¾ (258¾), Sept. 262-262¼, Dec. 265, March 274½, May 280½.

Plywood—May 201.6 (203.2), July 203.2 (204.5), Sept. 203.0, Nov. 201.8, Jan. 203.5, March 204.6, May 204.5, July 204.5, Sept. 204.5.

Pork Bellies—May 58.25-58.60 (56.70), July 57.20-57.40 (55.72), Aug. 55.10-55.15, Feb. 52.60-52.50, March 52.30, May 51.70 bid, July 51.75 bid, Aug. 50.50 bid. Sales: 5,820.

Shell Eggs—April 53.15 (52.80), May 52.00 (52.40), June nil, July nil, Aug. nil, Sept. 61.20-61.50, Oct. nil, Nov. nil, Dec. 63.75 asked. Sales: 151.

Silver—April 760.0 (75.2), May 764.0 (758.7), June 769.0-770.0, Aug. 780.0-780.5, Oct. 789.5, Dec. 800.0, Feb. 809.5, April 819.0, June 828.5, Aug. 838.5, Oct. 848.5, Dec. 858.5, Feb. 869.0, April 879.5, June 890.0, Aug. 900.5, Oct. 911.0, Dec. 921.0 nom.

‡Soyabeans—May 763-760 (767½), July 771-769 (774½), Aug. 765-764, Sept. 732-732½, Nov. 709-709½, Jan. 718, *March 728, May 735.*

‖Soyabean Meal—May 200.40-199.80 (200.80), July 204.30-204.40 (205.00), Aug. 204.20, Sept. 202.00-201.80, Oct. 195.50, Dec. 195.00-195.30, Jan. 196.00-196.50, *March* 198.70.

Soyabean Oil — May 27.00-26.90 (27.23), July 27.07-27.08 (27.36), Aug. 26.85-26.90, Sept. 26.30, Oct. 25.60-25.65, Dec. 25.30-25.35, Jan. 25.20, March 25.11, May 25.05-25.10, July 25.00-25.05.

‡Wheat—May 334¼ (336¼), July 321¼-321½ (322¼), Sept. 325¼-325, Dec. 335¼, March 344½, May 348 nom.

WINNIPEG, April 9. §Rye—May 105.30 asked (103.90 bid), July 104.20 *asked (102.10 bid), Oct.* 104.00 asked, Dec. 103.70 asked.

§Barley—May 83.10 *asked (84.20* bid), July 83.10 (84.20 bid), Oct. 86.00 asked, Dec. 85.90, March 87.10 bid.

§Oats—May 83.40 asked (83.50 asked), July 80.40 asked (80.90 asked), Oct. 83.50 asked, Dec. 82.70 asked, March 80.50.

§Flaxseed—May 331.00 bid (334.00), July 326.00 bid (329.20 bid), Oct. *312.60-313.00, Nov. 304.60 bid, Dec.* 304.40 bid.

§Wheat—SCWRS 13.5 per cent protein content St. Lawrence 184.35.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy *ounce.* ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. ... per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, April 9.

U.S. No. 2 Dark Hard Winter wheat unquoted. U.S. Hard Winter wheat ordinary. April-May $151, June $149, July $147, Aug. $148. U.S. No. 2 Red Winter wheat, June $146, July $142.50, Aug. $143.50, Sept. $144.50. U.S. No. 2 Northern Spring wheat 14 per cent, May $150, June $147.50, July-Aug. $145.

PARIS, April 10.

COCOA (FFr per 100 kilos). May 1371/1373, July unquoted, Sept. 1427, Dec. 1450/1455, March 1455 bid, May 1475 bid. Sales at call: 8. Accumulative *total: 181.*

Sugar (FFr per 100 kilos). May 875/883, July 910 bid, Aug. 940/948, Oct. 986/993, Nov. 980/995, Dec. 1021/1025, March 1060/1070, May 1075/1090. Sales at call: nil.

INDICES

FINANCIAL TIMES

Apr. 9	Apr. 6	M'nth ago	Year ago
272.68	273.15	270.45	239.44

(Base: July 1, 1952=100)

MOODY'S

Apr. 9	Apr. 6	M'nth ago	Year ago
1050.0	1048.2	1067.3	910.3

(December 31, 1931=100)

DOW JONES

Dow Jones	Apr. 9	Apr. 6	Month ago	Year ago
Spot	376.27	377.42	381.25	361.93
F'tur's	*383.99*	*384.27*	*386.24*	*352.12*

(Average 1924-25-26=100)

REUTERS

Apr. 10	Apr. 9	M'nth ago	Year ago
1549.6	1554.2	1539.0	1442.5

(Base: September 18, 1931=100)

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 541 tonnes, bringing the total for the week so far to 709 tonnes. More extensive dealings occurred, with attention again chiefly centred on South American *and Turkish qualities. The call for* supplies from African sources tended to increase.

★

GRIMSBY FISH—Supply good, demand moderate. Prices at ship's side (unprocessed) per stone. Shelf cod £3.40-£4.00, codlings £2.40-£3.00; large haddock £5.00, medium £3.80-£4.80, small £2.20-2.60; large plaice 3.20-£2.50, medium £3.00-£3.50, best small £3.00; *large skinned dogfish £8.50, medium* £6.40; large lemon soles £7.00, medium £6.00; saithe £2.50-£3.00.

Strong sterling encourages all-round market firmness under the lead of Government stocks with gains to £1⅛

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
Mar. 26	Apr. 5	Apr. 6	Apr. 18
Apr. 9	Apr. 19	Apr. 20	May 1
Apr. 23	May 3	May 4	May 15

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets put on another good all-round performance yesterday but it was noticeable that equity investment interest, which remained highly selective, was switching away from leading shares to secondary issues. As a consequence, many front-rank shares laboured but not in sufficient numbers to prevent the FT 30-share index from slowly rising 4.3 more to 535.7.

Government stocks were also again to the fore with overseas and domestic demand being drawn by the continuing heady rise in the sterling exchange rate. Once again, the longer maturities were the strongest and staged fresh gains ranging to £1⅛ despite monetary indecision following the latest banking statistics and the Public Sector Borrowing Requirement.

Medium-dated issues in the vicinity of the new tap, Exchequer 11 per cent 1991, rose ⅜ and this augered well for today's tenders with only £15 payable on application; dealings in the new stock begin tomorrow. A mid-morning reactionary tendency among the shorts was brief and in this sector improvements extending to ⅜ were finally established.

Numerous good features emerged among second-line equities, particularly those with pending trading announcements or those regarded as possible take-over candidates. In practically all cases, gains were exaggerated by stock shortages. Of the individual sectors, Insurance Brokers were contrastingly dull following disappointing preliminary results from Minet.

Constituents of the 30-share index were at best six pence higher on the day, while Glaxo remained under the cloud of unencouraging half-yearly figures and closed a further 18 down at 520p. Official markings continued to decline, totalling 4,834 as against 5,024 on Monday.

Adjusting to yet higher rates for sterling, the investment currency premium reacted to 50¾ per cent before institutional support revived and brought a close of 52½ per cent, only ½ easier on the day. Yesterday's SE conversion factor was 0.8184 (0.8123).

The volume of business in Traded Options improved considerably yesterday due largely to activity in Cons. Goldfields which contributed 734 of the 2,079 contracts completed with interest still stimulated by recent good results. Last week's daily average was 1,116.

The bid battle for Caledonian Holdings appears to have ended following news that London and Midland Industrials has agreed to sell its near-3m shares in the company to rival suitor Comet for just over 174p per share. Caledonian eased a penny to 172p on the news, while LMI, who stand to make £3.2m out of the deal, rose 6 to 133p. Comet closed unchanged at 140p.

Minet disappoints

Lloyds Brokers took a turn for the worse with sentiment soured by disappointing preliminary results from Minet and aggravated by the persistent strength of sterling. Minet fell 23 to 162p on the profits standstill, while Willis Faber relinquished 10 to 248p and C. E. Heath 8 to 260p. Matthews Wrightson, however, hardened 4 to 198p in front of today's annual figures. Life issues continued to be buoyed by Hambro Life's impressive results and proposed share-slimming proposals; the shares gained 20 for a two-day advance of 85 to 600p, after 605p, while Pearl added 8 to 282p and Prudential 6 to 185p.

Hambros again stood out in banks with a fresh advance of 23 to 276p on further consideration of the good results reported by its associated concern, Hambro Life, while Hambro Trust jumped 11 to 51p, after 52p, for a similar reason.

Breweries again closed firm although business was small. Guinness added 7 for a two-day rise of 12 at 205p, while Whitbread were also to the fore, rising 4 to 137p.

The warning of considerably lower profits in the current year promoted marked dullness in Aberthaw Cement, down 10 at 120p, while the bearish statement on first-half trading also unsettled Ruberoid which reacted 4 to 45p. Elsewhere in the Building sector, Blue Circle firmed 6 to 354p among the leaders, the results are due next week. Scattered support lifted BPB 8 to 314p, while Paint shares to make headway included Leyland, 8 to the good at 143p, and Manders, 4 dearer at 152p. Burnett and Hallamshire were again favoured and put on 9 more to 312p. In contrast, disappointing annual results left Higgs and Hill 2 cheaper at 74p.

Combined English up

Stores attracted a good interest and closed with several features. The near-50 per cent profit rise and proposed 100 per cent scrip-issue helped Combined English rise 6 to 156p, while speculative buying lifted Raybeck 11 to 134p, after 135p. Up 6 the previous day following news of a potential bid from Brascan for its American parent company, F. W. Woolworth added 4 more to 84p. The eargerly awaited interim results, announced a day earlier than expected, left Burton 10 down at 335p and the A 6 off at 308p. Nervous offerings in front of today's preliminary figures brought about falls of 7 to 195p in W. H. Smith A and 2 to 228p in Empire. Renewed buying ahead of next Wednesday's interim results helped Harris Queensway rise 12 to 246p, while Lee Cooper firmed 18 to 280p, after 282p, on speculative demand in a thin market.

Buying interest broadened in the Electrical sector where gains were fairly widespread. Fresh demand left Racal up 8 more at 485p, after 488p, while Lec Refrigeration improved 4 further to 84p in front of today's preliminary statement. United Scientific, 254p, and Muirhead, 290p, gained 8 and 5 respectively. Helped by the favourable judgment by a U.S. court on its nine-year patent infringement claim, Decca Ordinary rose 8 to 428p and the "A" 10 to 405. Normand stood out in smaller-priced issues with a gain of 5 to 59p.

Occasional support was forthcoming for the Engineering leaders which made further small progress. John Brown improved 6 more to 559p and GKN 5 further to 281p, while Hawker continued firmly in front of today's preliminary results and hardened 4 afresh to 258p. Selective demand was evident in secondary issues. Staveley, 316p, and Wolseley-Hughes, 300p, rose 10 and 8 respectively, while B. Elliott gained 6 to 218p. Wombwell came to life with a rise of 4½ to 46p, while demand in front of today's annual results lifted Glynwed 4 to 118p.

Reporting full-year profits in excess of those forecast, Associated Biscuits rose 3 to 89p. Elsewhere among firm Foods, Sainsbury added 8 to 313p, while Associated Dairies put on 5 to 277p. Needlers were in demand, rising 13 to 65p, and speculative interest lifted J. Bibby 10 to 365p.

Trust Houses Forte remained buoyant, adding 6 for a two-day rise of 14½ to 184p. Brent Walker added 3 to 73p.

Glaxo down again

Continuing to reflect the disappointing interim results, Glaxo fell 18 for a two-day reaction of 40 to 520p. Beecham, at 687p, recorded a sympathetic decline of 6 but other miscellaneous Industrial leaders generally edged higher in thin trading. Turner and Newall put on 5 to 167p and Pilkington improved 3 to 390p, the latter still responding to the planned £30m expansion of a fibreglass subsidiary. Smiths Industries became a late casualty, falling 15 to 240p, in reaction to the disappointing first-half profits. B. and I. Nathan, on the other hand, improved 3 to 74p, following the results, while renewed speculative support in a thin market left Philip Harris up 8 more at 146p. De La Rue gained 13 to 430p and Ricardo added 9 to 333p.

Reports of heavy Easter holiday bookings buoyed Horizon Midlands which rose 16 to 242p in a mixed Leisure sector.

Harold Perry featured Motors, rising 15 to 166p as buying ensued in anticipation of the results. Other firm spots among Distributors were Hanger 4 up at 65p, and F. G. Gates, 3 to the good at 65p. Further consideration of the results left Wilmot-Breeden 6 cheaper at 107p.

London and Provincial Poster jumped 27 to 275p on the increased profits and dividend. Dickinson Robinson, up 7 at 131p, also reported increased profits. Elsewhere in Paper/printings, Bunzl Pulp added 7 to 104p, while increased speculative demand saw More O'Farrell rise 14 for a two-day gain of 20 at 140p.

Properties continued firmly with M. P. Kent notable for a rise of 5 to 66p, after 67p, following the sharply higher interim profits. Municipal also responded to favourable trading news with a jump of 20 to 300p.

Tricentrol active

Oil shares continued to claim a fair amount of attention. Among the leaders, British Petroleum held steady around the overnight closing level of 1200p, but Shell encountered further selling and touched 738p before rallying to close only 4 cheaper on baance at 746p. Trading in some of the secondary issues was again brisk, with Tricentrol particularly lively at 222p, up 10, and Premier also active and 3 firmer at 34p.

Trading statements attracted interest in Textiles. Small and Tidmas rose 8 to 85p in response to the higher profits and dividend. Albert Martin, on the other hand, reacted 6 to 92p on the reduced annual profits. Early and Marriott, blanket manufacturers, ran up to 38p following a Press tip and settled for a threepenny gain at 37p, while Brigray firmed 1½ to 10p on news that English Association Investment Trust holds a 14.8 per cent stake in the company.

Plantations were quietly firm, although Guthrie provided a notable exception at 525p, down 10, following persistent scrappy London selling.

Sel. Trust firmer

Activity in mining markets remained at a low level with the exception of the London-registered Financials. Among the latter, Selection Trust put on 4 to 558p following the results, which were broadly in line with market forecasts, while Gold Fields added a like amount at 226p, after 228p, reflecting increased activity in the traded options.

Modest declines in both the bullion price and investment premium caused widespreadl, although minor, losses in Golds, with dealers awaiting the first of the March quarter profit announcements — those of the Gold Fields group mines.

The Gold Mines index gave up 2.3 to 133.1 — its lowest level for almost three months, while th eex-premium index slipped 1.0 to 117.9.

Platinums registered good gains owing to Johannesburg and London buying interest in front of the Rustenburg results, which are expected today. Rustenburg advanced 6 to 136p, Impala 7 to 181p and Lydenburg 4 to 87p.

The lower premium coupled with the uncertain trend in overnight Sydney and Melbourne markets left Australians predominently lower. Exceptions, however, were the Rundle oil shale partners, Central Pacific Minerals and Southern Pacific Petroleum, with the former 50 higher at 500p and the latter 12 better at 200p.

Conzinc Riotinto also gained ground to close 4 up at 244p following the latest progress report from the Ashton diamond venture. On the other hand, Ashton Mining slipped 2 to 71p, reflecting disappointment with the report.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	850	352	...	412	1	—	—	1200p
BP	950	252	—	312	3	326	—	"
BP	1050	152	2	222	—	242	—	"
BP	1100	102	7	182	—	200	—	"
BP	1150	52	6	140	—	164	—	"
BP	1200	18	28	102	4	136	—	"
Com. Union	150	10	—	18	—	25	3	166p
Cons. Gold	180	48	36	54	—	59	—	227p
Cons. Gold	200	28	59	38	5	45	—	"
Cons. Gold	220	8½	280	25	182	32	—	"
Cons. Gold	240	1½	—	14	218	22	3	"
Courtaulds	100	5	18	[illegible]	1	16	—	104p
Courtaulds	110	½	—	9	47	10	16	"
Courtaulds	120	¼	—	5	63	6½	—	"
GEC	300	116	—	142	3	150	—	416p
GEC	360	56	9	86	—	99	—	"
GEC	390	26	21	63	3	75	—	"
GEC	420	6	65	44	22	54	—	"
Grand Met.	110	57½	—	64½	4	66	—	166p
Grand Met.	130	37½	2	46½	6	47½	—	"
Grand Met.	140	27½	14	36½	2	39	—	"
Grand Met.	160	7½	49	22½	6	26	8	"
Grand Met.	180	—	—	13¼	146	20½	5	"
ICI	390	10	1	32	24	45	—	395p
ICI	420	½	10	18	—	26	—	"
Land Secs	260	41	—	59	10	65	—	299p
Land Secs	280	21	—	37	14	47	—	"
Land Secs	300	5	3	26	43	36	—	"
Marks & Sp	90	28	—	35	7	39	—	118p
Marks & Sp	100	18	53	27	2	29	—	"
Marks & Sp	110	8	19	21	—	25	—	"
Marks & Sp	120	2½	5	15	102	18	—	"
Shell	700	47	4	107	1	125	—	746p
Shell	750	7	99	67	—	80	—	"
Shell	800	3	—	37	21	60	—	"
Totals			760		959		34	
		May		August		November		
Boots	200	35	21	39	—	47	—	227p
Boots	220	18	58	25	—	34	—	"
Boots	240	8	5	16	—	21	—	"
Boots	260	2	5	—	—	—	—	"
EMI	110	18	—	27	—	32	2	124p
EMI	120	11	10	21	—	25	2	"
EMI	130	5½	14	16	10	22	—	"
EMI	140	3½	46	9½	8	17	—	"
Imperial Gp	90	16½	—	19½	1	22	—	103p
Imperial Gp	100	9	6	10½	25	14	—	"
Imperial Gp	110	4	27	6½	28	10	—	"
RTZ	280	35	44	55	—	67	17	305p
RTZ	330	12	16	30	—	42	—	"
Totals			255		72		21	

FINANCIAL TIMES STOCK INDICES

—	April 10	April 9	April 6	April 5	April 4	April 3	A year ago
Government Secs.	75.80	75.32	75.05	74.77	74.54	75.21	73.60
Fixed Interest	76.79	76.58	76.51	76.19	76.16	76.25	72.03
Indust	535.7	531.4	525.3	532.7	523.3	525.3	470.4
Gold Mines	144.1	146.4	145.3	147.8	148.0	149.1	152.3
Gold Mines (Ex-$ pm)	117.9	118.9	120.3	120.4	119.3	119.7	104.0
Ord. Div. Yield	5.40	5.42	5.46	5.33	5.42	5.39	5.75
Earnings, Yld. % (full)	14.28	14.38	14.49	14.16	14.38	14.31	15.80
P/E Ratio (net) (*)	8.91	8.85	8.78	9.00	8.86	8.91	8.21
Dealings marked	4,834	5,024	7,192	5,466	6,275	7,630	4,244
Equity turnover £m.	—	105.51	148.58	138.74	122.68	121.23	42.10
Equity bargains total	—	21,900	27,579	30,714	32,097	34,091	10,518

10 am 531.9. 11 am 532.1. Noon 534.2. 1 pm 535.5. 2 pm 535.2. 3 pm 535.1.
Latest Index 01-246 8026.
* Nil=8.58.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.80 (10/4)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	76.79 (10/4)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	540.8 (28/3)	446.1 (12/2)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	183.8 (6/2)	136.8 (10/1)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	125.6 (28/3)	95.2 (12/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	April 10	April 9
—Daily		
Gilt Edged	114.3	89.8
Industrials	177.1	195.5
Speculative	27.2	34.7
Totals	110.0	114.4
5-d'y Av'r'ge		
Gilt Edged	104.4	102.5
Industrials	215.9	237.1
Speculative	32.7	35.6
Totals	131.1	143.8

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Glaxo	50p	18	520	−18	600	463
Guthrie Corp.	£1	15	525	−10	547	320
Shell Transport	25p	13	746	− 4	774	556
BP	£1	12	1,200	—	1,200	720
Tricentrol	25p	11	222	+10	222	148
Grand Met.	50p	10	167	+ 2	168	112
Beecham	25p	9	687	− 6	733	592
ICI	£1	9	395	+ 1	408	346
Barclays Bank	£1	8	472	+ 2	472	360
GEC	25p	8	415	+ 4	420	311
Hambro Life Ass.	25p	8	600	+20	605	385
MFI Furniture	10p	8	385	+10	390	162
Racal Electronics	25p	8	485	+ 8	488	337
BAT Inds.	25p	7	310	—	362	280
Bowater	£1	7	199	+ 2	206	171

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 3	Apr. 17	Jun. 28	Jul. 10
Apr. 18	Apr. 30	Jul. 12	Jul. 24
May 1	May 14	Jul. 26	Aug. 7

For rate indications see end of Share Information Service.

In active trading, calls were dealt in Cons. Gold Fields, Premier Oil, KCA, Hay's Wharf, Charterhall, Burmah, Marks and Spencer, British Land, Hawtin, London and Northern, UDT, United City Merchants, Arcolectric A, Town and City, Britannia Arrow, Ladbroke Warrants, Ultramar, Tricentrol, Burton Warrants, Keyser Ullmann, John Michael, Rowntree Mackintosh, Bougainville, Grand Met., Trust Houses Forte, Woolworths, Inveresk, W. L. Pawson, Maple, Carpets International, Hawker Siddeley, Diamond Stylus, Western Mining, and Combined English Stores. Puts were dealt in Ladbroke Warrants and William Press, while doubles were arranged in Hardy A, Premier Oil, S. Leboff (Fobel), Britannia Arrow, Bougainville, Ladbroke Warrants, William Press and UDT.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	74	—	8
Corpns. Dom. and Foreign Bonds	11	1	52
Industrials	400	256	781
Financial and Prop.	231	40	238
Oils	11	7	20
Plantation	6	9	17
Mines	20	59	61
Recent Issues	8	4	24
Totals	841	376	1,201

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues., April 10, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon., April 9 Index No.	Fri., April 6 Index No.	Thurs., April 5 Index No.	Wed., April 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	272.55	+0.8	15.15	5.03	8.92	270.32	267.47	270.15	266.17	283.81
2	Building Materials (27)	258.31	+1.1	14.97	5.20	9.12	255.49	251.20	253.25	249.46	184.49
3	Contracting, Construction (28)	415.22	+0.7	19.11	4.97	7.29	412.27	409.78	413.42	405.13	321.59
4	Electricals (14)	661.37	+0.8	11.80	2.89	11.50	656.13	645.31	650.80	644.97	420.08
5	Engineering Contractors (12)	394.21	+0.5	17.16	5.76	7.88	392.38	388.62	395.28	392.70	292.77
6	Mechanical Engineering (75)	202.57	+0.5	16.65	5.67	7.97	201.51	200.25	203.08	200.61	162.42
8	Metals and Metal Forming (16)	179.31	+1.4	16.43	8.47	8.07	176.76	176.97	177.75	171.53	165.15
11	CONSUMER GOODS (DURABLE) (53)	245.97	+1.2	14.50	4.41	9.16	243.01	239.71	242.79	240.25	188.43
12	Lt. Electronics, Radio, TV (16)	335.28	+1.6	11.31	3.16	12.51	329.98	324.79	328.25	324.95	221.82
13	Household Goods (12)	173.35	+0.8	17.09	6.32	8.08	172.01	170.19	171.31	169.72	170.43
14	Motors and Distributors (25)	125.82	+0.5	20.93	6.72	5.88	125.24	124.03	126.38	124.93	119.05
21	CONSUMER GOODS (NON-DURABLE) (170)	254.80	+0.7	14.03	5.15	9.28	253.09	249.78	253.26	249.06	198.68
22	Breweries (14)	291.56	+0.9	13.07	5.16	9.71	289.00	284.97	286.74	279.94	227.38
23	Wines and Spirits (6)	329.35	−1.4	14.21	4.54	10.27	334.19	332.91	338.80	338.78	256.39
24	Entertainment, Catering (17)	356.05	+1.4	13.11	5.37	10.15	351.05	343.27	349.76	341.16	254.82
25	Food Manufacturing (19)	225.77	+0.2	17.32	5.00	7.40	225.42	224.27	225.74	223.53	192.31
26	Food Retailing (15)	299.22	+1.9	10.77	3.95	12.62	293.55	290.04	293.48	287.38	194.72
32	Newspapers, Publishing (12)	458.89	+0.2	19.63	5.58	7.25	458.05	457.39	461.91	455.93	341.52
33	Packaging and Paper (15)	150.58	+1.4	17.16	7.19	7.54	148.53	145.93	147.93	145.99	128.49
34	Stores (40)	256.07	+0.8	9.87	3.77	14.25	254.06	249.31	252.58	247.04	185.14
35	Textiles (23)	179.61	+0.2	18.17	8.48	7.12	179.18	177.79	182.26	181.61	173.54
36	Tobaccos (3)	267.37	+0.2	21.30	7.78	5.39	266.79	265.23	272.24	269.25	234.79
37	Toys and Games (6)	96.54	+1.5	22.98	6.73	5.13	95.08	92.65	92.82	93.72	101.06
41	OTHER GROUPS (99)	221.33	+0.2	14.52	5.76	8.55	220.81	220.32	224.01	222.15	186.16
42	Chemicals (18)	310.38	+0.4	16.21	6.32	7.21	309.18	307.96	312.38	309.16	255.76
43	Pharmaceutical Products (7)	262.04	−1.3	10.44	4.49	11.68	265.37	267.91	273.43	272.76	247.09
44	Office Equipment (6)	148.19	+0.4	13.64	5.50	9.24	147.65	146.03	149.69	148.36	128.33
45	Shipping (10)	437.87	+0.3	13.81	6.95	9.18	436.76	435.88	440.54	437.18	422.03
46	Miscellaneous (58)	251.41	+0.9	15.53	5.81	8.50	249.14	247.78	251.73	249.25	195.23
49	INDUSTRIAL GROUP (496)	258.20	+0.6	14.46	5.21	9.00	256.54	253.99	257.42	253.89	202.76
51	Oils (6)	669.58	−0.2	11.78	3.25	9.02	670.68	666.06	669.79	672.04	445.01
59	500 SHARE INDEX	291.75	+0.5	14.01	4.87	9.01	290.27	287.53	291.03	287.89	223.13
61	FINANCIAL GROUP (115)	204.57	+0.5	—	5.02	—	203.53	201.57	204.78	203.00	162.82
62	Banks (6)	244.88	+0.7	27.29	4.94	4.76	243.17	241.01	244.62	243.32	191.54
63	Discount Houses (10)	270.54	+0.9	—	6.83	—	268.11	265.55	264.26	268.78	190.99
64	Hire Purchase (5)	182.43	−0.1	17.58	4.84	7.30	182.52	182.71	184.39	183.03	148.45
65	Insurance (Life) (10)	171.94	+2.3	—	6.18	—	168.07	163.85	167.85	164.99	133.79
66	Insurance (Composite) (7)	142.99	+0.6	—	6.53	—	142.17	140.72	143.14	142.15	126.67
67	Insurance Brokers (10)	324.44	−3.8	15.27	5.84	9.41	337.32	338.98	347.19	345.35	329.73
68	Merchant Banks (14)	96.77	+1.2	—	5.40	—	95.62	94.32	94.56	93.49	76.52
69	Property (43)	345.60	+0.7	3.24	2.37	48.97	343.15	339.85	345.31	341.29	223.69
70	Miscellaneous (10)	124.51	+0.3	18.15	6.44	6.86	124.09	124.03	123.90	123.56	106.30
71	Investment Trusts (111)	234.42	+1.3	—	4.69	—	231.46	229.99	238.20	229.42	191.69
81	Mining Finance (4)	131.87	+0.9	14.25	5.40	8.64	130.66	128.95	129.80	129.83	92.35
91	Overseas Traders (20)	364.88	−0.2	13.70	6.91	9.27	365.67	366.61	372.41	371.83	287.92
99	ALL-SHARE INDEX (750)	267.35	+0.5	—	4.94	—	265.90	263.47	266.68	264.11	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues., April 10	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	108.14	+0.28	—	2.50
2	5-15 years	124.75	+0.65	—	1.58
3	Over 15 years	130.01	+0.83	—	3.17
4	Irredeemables	142.88	+0.81	—	1.78
5	All stocks	119.88	+0.58	—	2.53

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Tues., April 10	Mon., April 9	Year ago (approx.)
1	Low Coupons	5 years	8.93	8.99	8.03
2		15 years	9.90	9.97	10.30
3		25 years	10.58	10.70	10.82
4	Medium Coupons	5 years	10.58	10.70	10.02
5		15 years	11.33	11.38	11.49
6		25 years	11.55	11.67	11.79
7	High Coupons	5 years	11.06	11.18	10.50
8		15 years	11.76	11.88	12.11
9		25 years	11.90	12.04	12.38
10	Irredeemables		10.40	10.48	10.60

		Tues., April 10 Index No.	Tues., April 10 Yield %	Mon., April 9	Fri., April 6	Thurs., April 5	Wed., April 4	Tues., April 3	Mon., April 2	Fri., Mar. 30	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	59.78	12.42	59.61	59.38	59.18	59.28	59.14	58.93	58.84	60.44
16	Investment Trust Prefs. (15)	51.32	13.67	51.36	51.28	51.46	51.46	51.64	51.64	51.04	55.82
17	Coml. and Indl. Prefs. (20)	73.05	12.73	73.05	72.79	72.79	72.73	72.73	72.49	72.14	72.52

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (234)

BRITISH FUNDS (50)
BANKS (10)
BEERS (7)
BUILDINGS (9)
CHEMICALS (2)
DRAPERY & STORES (12)
ELECTRICALS (15)
FOODS (7)
HOTELS (2)
INDUSTRIALS (25)
INSURANCE (6)
LEISURE (6)
MOTORS (11)
PAPER & PRINTING (4)
PROPERTY (6)
SHIPPING (1)
TEXTILES (4)
TRUSTS (36)
OILS (6)
RUBBERS (4)
MINES (2)

NEW LOWS (50)

AMERICANS (37)
ASA, Amax, American Express, Barnes Group, Bendix Corp., Browning-Ferris, Brunswick Corp., Burroughs Corp., CBS, C.P.C., Caterpillar, Chrysler, City Inv., Ford Motor, General Electric, Honeywell, Hutton (E. F.), I.B.M. Corp., Quaker Oats, Rep. N.Y. Corp., Richardson Merrell, Singer, Sperry Rand, Tenneco, Time Inc., Transamerica, Do. Cm. Pref., Crown Zellerbach, Exxon, U.S. Steel, Xerox Corp.
CANADIANS (3)
Hollinger, Imperial Oil, Rio Algom
BANKS (2)
Algemene, Com'l. Aust.
BUILDINGS (2)
Aberthaw, Brownlee
CHEMICALS (2)
Akzo, Hoechst
ELECTRICALS (2)
Motorola, Philips' Lamps
ENGINEERING (2)
Hopkinsons, Jones Group
INDUSTRIALS (7)
Eastern Produce, Maddock, Stolux Mnfctrng., Talbex, Unilever N.V., Viners, Wheelock Marden
INSURANCE (3)
Cmbnd. Ins. of Am., Howden (A.), Travelers
MOTORS (1)
Dana Corp.
PROPERTY (1)
HK Land
TEXTILES (3)
Snia Viscosa, Do. Priv., Toray
TRUSTS (6)
Crescent Japan, Jersey External, Robeco Sub. Shares, Rolinco NV, Do. Sub. Shares
OILS (1)
Royal Dutch
MINES (7)
E.R.G.O., East Drie., West Drie., Western Deep, Zandpan, Welkom, Anglo Am. Gold

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	110.3	116.1	+0.5	5.04
Abbey Capital	39.7	42.2	+0.1	4.05
Abbey Income	46.8	49.4	+0.5	6.15
Abbey Inv. Tst. Fd.	39.9	42.4	+0.5	4.54
Abbey Gen. Tst.	54.1	57.5	+0.2	4.06
Equitas Prog. Tst.	73.6	77.6	+0.6	4.35

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314
AHR Gilt & Pref.	98.1	103.0	....	12.50

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	78.1	83.6	+0.5	4.98
Brit. Inds. Fund	77.0	82.4	+0.4	4.85
Grth. & Inc.	43.5	46.5	+0.3	4.73
Elect. & Ind. Dev.	41.0	43.9	+0.4	4.24
Allied Capital	81.2	86.9	+0.4	4.37
Hambro Fund	126.9	135.8	+0.7	4.77
Hambro Acc. Fd.	146.0	156.2	+0.9	4.20
Income Funds				
High Yield Fd.	80.4	86.0	+0.3	7.56
High Income	75.0	80.3	+0.6	4.53
A. H. Eq. Inc.	44.6	47.7	+0.3	6.71
International Funds				
International	25.8	27.6	-0.3	2.91
Pacific Fund	38.2	40.9	-0.4	2.18
Secs. Of America	55.0	58.8	-0.5	1.96

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	51.2	54.7	+0.4	4.39
Do. Accum.	67.6	72.2	+0.5	4.39

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital March 29	114.7	117.8	....	4.27
Gross Income Mar. 29	84.8	87.5	....	8.25
High Yield March 29	96.4	98.9	....	8.00

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	106.4	113.1	+0.7	2.70
Do. Acc.	130.5	138.8	+0.9	2.70
G.T. Inc. Fd. Un.	179.8	191.2	+1.1	8.30
G.T. U.S. & Gen	127.9	136.0	-0.9	3.10
G.T. Japan & Gen.	81.2	86.3	-0.6	2.30
♦Gt. Pens. Ex. Fd.	207.1	217.4	....	2.90
G.T. Int'l. Fund	151.7	161.3	+2.4	1.70
G.T. Four Yds. Fd.	61.7	65.6	....	7.80
G.T. Far East & Gen.	45.1	48.4	+0.4	2.10

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300
G. & A.	39.0	41.7	+0.3	4.41

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BPJ 01-283 3531
Dealing only: 01-623 5766/5806

American Tst.	24.4	26.2	-0.2	0.50
British Tst. (Acc.)	65.8	70.7	+0.4	3.45

[illegible]

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

Jardine Flem. Int.	HK$12.86	....	—
Intl. Pac. Secs (Inc.)	HK$13.76	....	—
Do. (Accum.)	HK$13.96	....	—

NAV March 14. *Equivalent US$80.41.
Next sub. day March 30.

[illegible]

Worldwide Gth Fd	US$17.15	+0.02	—

Wren Commodity Trust
10, St. George's St., Douglas, IoM 0624 25015

Wren Commod. Tst.	56.6	59.1	....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ◆. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1979 High	1979 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
97¼	94⅝	Treasury 3pc '79‡‡	97¼	.....	3.08	9.53
97⅝	95⅜	Electric 4½pc '74-79	97½	.....	4.36	9.87
100¼	54⅝	Treasury 10½pc '79‡‡	100¼xd	+⅛	10.47	10.01
96⅝	94½	Electric 3½pc '76-79	96⅝xd	.....	3.62	9.48

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1979 High	1979 Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
23	22	Antofagasta Rly...	22	.....	—	—
40	39	Do. 5pc Pref.....	40	.....	—	—
98	98	Chilean Mixed.....	98	.....	—	13.10

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 22⅛% (based on US$2.1053 per £)
Conversion factor 0.8184 (0.8122)

CANADIANS

[illegible]

S.E. List Premium 22⅛% (based on $2.4182 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								

INSURANCE

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								

INSURANCE—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								

LEISURE

[illegible]								

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]								

Commercial Vehicles

[illegible]								

Components

[illegible]								

Garages and Distributors

[illegible]								

NEWSPAPERS, PUBLISHERS

[illegible]								

PAPER, PRINTING ADVERTISING

[illegible]								

PROPERTY

[illegible]								

PROPERTY—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								

SHIPPING

[illegible]								

SHOES AND LEATHER

[illegible]								

SOUTH AFRICANS

[illegible]								

TEXTILES

[illegible]								

TOBACCOS

[illegible]								

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]								

INVESTMENT TRUSTS—Cont.

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								

Finance, Land, etc.

[illegible]								

FINANCE, LAND—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]								

OILS

[illegible]								

OVERSEAS TRADERS

[illegible]								

RUBBERS AND SISALS

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
[illegible]							

TEAS

India and Bangladesh

[illegible]							

Sri Lanka

[illegible]							

Africa

[illegible]							

MINES

CENTRAL RAND

[illegible]							

EASTERN RAND

[illegible]							

FAR WEST RAND

[illegible]							

O.F.S.

[illegible]							

FINANCE

[illegible]							

DIAMOND AND PLATINUM

[illegible]							

CENTRAL AFRICAN

[illegible]							

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
[illegible]							

TINS

[illegible]							

COPPER

104	56	Messina R0.50	100	+1	—	—	—

MISCELLANEOUS

[illegible]							

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
$13¼	$10½	Buffels R1	$13⅛	......	Q190c	ϕ	16.6
$11⅛	890c	East Drie R1	$10¾	−⅛	Q115c	1.6	12.4
470c	350c	East Rand Prp. R1	455c	......	Q10c	—	2.6
$24¾	$18¼	F.S. Geduld 50c	$23½	−⅛	Q315c	2.4	15.4
$14⅜	$11⅛	Pres. Brand 50c	$14⅛	−⅛	Q150c	3.2	12.2
$14⅛	$10¼	St. Helena R1	$12⅝	−⅛	Q190c	1.4	17.7
595c	407c	Stilfontein 50c	555c	......	Q66c	ϕ	13.7
$24¾	$18¼	Vaal Reefs 50c	$23¼	......	Q230c	2.7	13.8
$35¼	$28¼	West Drie R1	$32⅞	−⅛	†Q385c	1.7	13.4
$29½	$22¼	West Hldgs. 50c	$28⅞	−⅛	Q415c	1.4	16.5
$13	$10½	Western Deep R2	$11⅞	......	Q147½c	2.1	14.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ¢ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ≑ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¢¢ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 40

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	27½	......
Ash Spinning	107	......
Bertam	28	......
Bdg'wtr. Est. 50p	400	+5
Clover Croft	28	......
Craig & Rose £1	990	+20
Dyson (R. A.) A	35	......
Ellis & McHdy	70	......
Evered	27½	......
Fife Forge	54	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	175	......
Higsons Brew	87	+2
Holt (Jos) 25p	269	......
I.O.M. Stm. £1	170	......
Pearce (C. H.)	203	......
Peel Mills	30	......
Sheff. Refrshmt	81	+1
Sindall (Wm.)	136	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£91⅝	......
Alliance Gas	103	......
Arnott	380	+10
Carroll (P.J.)	103	......
Clondalkin	85¾xd	......
Concrete Prods.	93	......
Heiton (Hldgs.)	60	......
Ins. Corp.	220	......
Irish Ropes	110	......
Jacob	37	......
T.M.G.	240xd	......
Unidare	85	−3

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
A. Brew	7
BOC Intl.	6
B.S.R.	8
Babcock	14
Barclays Bank	32
Beecham	52
Blue Circle	18
Boots	18
Bowaters	28
B.A.T.	28
Brown (J.)	50
Burton 'A'	22
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	21
Dunlop	6½
Eagle Star	10
E.M.I.	14
Gen. Accident	21
Gen. Electric	32
Glaxo	50
Grand Met.	12
G.U.S. 'A'	30
Guardian	24
G.K.N.	24
Hawker Sidd	22
House of Fraser	15
I.C.I.	20
"Imps"	9
I.C.L.	40
Inveresk	7
KCA	4
Ladbroke	18
Legal & Gen.	14
Lex Service	9
Lloyds Bank	25
"Lofs"	5
London Brick	7
Lonrho	9
Lucas Inds.	25
"Mams"	18
Mrks. & Spncr	9
Midland Bank	30
N E I	14
Nat. West. Bank	28
Do. Warrants	15
P & O Dfd.	8
Plessey	10
R.H.M.	5
Rank Org.	25
Reed Intnl.	16
Spillers	5½
Tesco	6
Thorn	22
Trust Houses	27
Tube Invest.	30
Unilever	55
U.D.T.	4
Utd Drapery	10
Vickers	17
Woolworths	6½

Property

Stock	Rate
Brit. Land	5
Cap. Counties	7
E.P.	3½
Intreuropean	5
Land Secs	20
MEPC	15
Peachey	13
Samuel Props.	14
Town & City	2

Oils

Stock	Rate
Brit. Petroleum	70
Burmah Oil	11
Charterhall	3½
Shell	48
Ultramar	24

Mines

Stock	Rate
Charter Cons.	16
Cons. Gold	17
Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday April 11 1979

Airways chief backs denationalisation

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

PLANS BEING drawn up by Conservative Party leaders to sell a substantial part of the State-owned British Airways to the private sector if they win the General Election were backed last night by Sir Frank McFadzean, the airline's chairman.

The Conservatives' plans, drawn up by Sir Keith Joseph, Conservative spokesman for Industry, and his colleagues, involve at least one other nationalised industry, the National Freight Corporation, and high technology companies owned by the National Enterprise Board.

In a message to his staff last night Sir Frank said that such a solution would remove the airline further from the political arena and give it greater freedom to run and develop its business.

He did not want argument about the future of British Airways to be made a "political shuttlecock."

The structure that is being considered would be similar to the principle of the present 51-49 split of BP between State and private ownership, though the actual percentages might not be rigidly fixed, since the overall aim in some businesses would be progressively to reduce the State holding to as small an amount as possible.

In the case of BP itself the Tory leadership is considering lowering the Government's public-sector borrowing requirement by selling a substantial slice of the 51 per cent State holding.

Employees in the businesses affected would be offered shares at preferential prices. This was also welcomed last night by Sir Frank, who hopes to obtain trade union backing for the idea.

Although the plans will not be given in detail in the Conservative Party manifesto being published today, the idea of "BP-style" ownership has recently emerged as one main plank of the party's policy on both nationalised industries and the NEB.

Post Office moves

Cable and Wireless might be treated in the same way, along with the National Freight Corporation, while the State-owned aircraft and shipbuilding industries would be offered to their previous owners as a first step.

Plans for the Post Office Corporation might include trying to increase competition by breaking its telecommunications monopoly and allowing private manufacturers to connect their products to the telephone system along the line of practice in the U.S.

Its postal and telecommunications businesses would probably be separated into two corporations.

Application of the BP principle to some large companies owned by NEB could provide enough common ground for a Tory Secretary of State for Industry to start to some to terms with Sir Leslie Murphy, the board's chairman.

Judging by his approach to running the NEB, Sir Leslie may well have no objection to certain of his holdings being partially sold to the private sector.

Tory leaders such as Sir Keith Joseph, the Industry spokesman, are believed to want to apply the principle in particular to such new businesses as INMOS, which is to make micro-chips, and the board's NEXOS and INSAC export-marketing subsidiaries in the office machinery and computer software fields.

The Tory Party originally considered trying to raise private investment in the NEB as a whole, or at least in a hived-off company that would exclude BL and Rolls-Royce. But Sir Keith and his colleagues do not believe this feasible, at least for some time.

Their primary aim is still to cut the NEB until it owns only companies such as BL and RR which require State funding. This would probably be done by issuing the NEB with new guidelines and by pruning its £250m annual budget.

The BP type of solution for individual companies has emerged because the Tories have accepted that at least some companies could not be sold for some time.

What is not yet clear is how many other NEB companies, in addition to micro chips and computer businesses, a Tory Industry Secretary would be prepared to have owned on a BP-type basis instead of their being sold off completely.

Public sector borrowing lower than expected

BY DAVID FREUD

PUBLIC-SECTOR borrowing is likely to have been a little below £8.5bn in the 1978-79 financial year, Government revenue and spending figures released yesterday suggest.

The £8.5bn figure is in line with last year's Budget forecast although somewhat higher than the Treasury forecast of £8bn in November.

Buoyant revenues have meant that earlier fears among some City analysts that borrowing would be significantly more than forecast have not been borne out.

Borrowing by central government in 1978-79 was £8.07bn, some £130m higher than the Budget forecast of £7.94bn.

This figure, together with net borrowing from UK and overseas markets by local authorities and nationalised industries, makes up the total for public-sector borrowing.

The total will not be released until early June, but net borrowing by local authorities and nationalised industries is believed by officials to be about £400m.

The usual heavy borrowing in March, at the end of the financial year, does not seem to have occurred. This was a key factor in keeping down the figure for the whole year.

In March central government borrowed an estimated £1.34bn, only slightly more than the £1.29bn of the same month in the previous year. One reason was large repayments into the National Loans Fund in the month by the British Gas and British Steel Corporations.

These contributed to net repayments of £132m into the fund in March, compared with net lending of £309m in the same month in 1978.

For the year as a whole net lending out of the fund to public corporations was £728m less than in 1977-78, the largest single factor being a substantial reduction in lending to local authorities.

Revenue and spending out of the Consolidated Fund, the account through which most central government receipts and outflows pass, were broadly in line with forecast.

Revenues for the financial year rose 11 per cent to £43.01bn, compared with a Budget forecast of £42.75bn. Spending rose 17 per cent to £51.47bn, close to the forecast £51.38bn.

One factor keeping expenditure down was a below-forecast increase in the major component, supply services. These were 14 per cent higher than in the previous year, at £45.76bn, compared with an expected increase of 15 per cent.

The reduction of central government borrowing from transactions in "other funds and accounts" was far lower than expected. The Budget forecast a positive contribution of £1.94bn, while in the event the amount was only £529m.

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THE LEX COLUMN

Money supply: all right for now

With sterling putting on another 80 points against the dollar yesterday, the gilt-edged market was in a buoyant mood and was not going to let itself get worried about the monthly banking figures. The banks' eligible liabilities rose by 1.2 per cent during the period to mid-March but the money supply was probably unchanged.

So far the sterling inflows do not seem to be inflating the money supply (although they might in a couple of months' time. There have been very heavy gilt sales, and as yesterday's Central Government Borrowing Requirement figures indicated, the Public Sector Borrowing Requirement will have been only marginally above the Treasury's £8bn forecast for 1978-1979.

Given this background the authorities can afford to be fairly relaxed about the immediate outlook, except for one thing—bank lending. The clearing banks talks about the undelying rate of growth being "appreciably higher than in recent months." As bank lending was growing at an annual rate of £7.6bn in the three months to mid-February—this seems more than a trifle worrying. If bank lending does not start to slow down soon, the authorities may regret their haste in releasing special deposits.

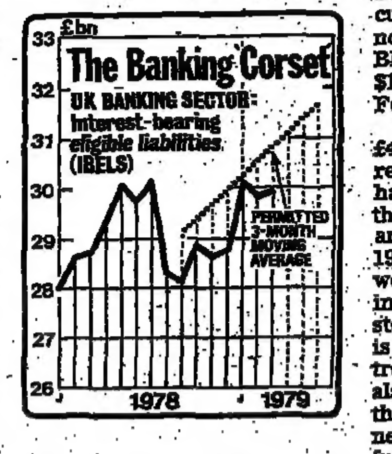
But that is the next Government's concern. After yesterday's rise in the gilt-edged market the new issue, Exchequer 11 per cent 1991, looks a good half-point cheap at its minimum price of £97 and could possibly be oversubscribed. Some applications seemed to be going in last night at £97½ and £97¼, but the stags will be hoping that the stock will not be adequately covered at the higher prices and that all allotments will be made at the minimum.

Burton Group

Once again Burton Group's results were good enough to be rushed out early, the news of a 98 per cent rise in half-time pre-tax profits to £9.24m appearing a day ahead of schedule. But the stock market had adjusted to the message even earlier, and the "A" share price finished 6p down at 308p.

Burton now feels strong enough to manage without some of the props which held up its figures in leaner days: profits on property disposals, for instance, have been shifted below the line, while there are no extraordinary debits of the kind that have littered the group's recent accounts.

Index rose 4.3 to 535.7



The picture is encouraging, but it is still necessary to be cautious about short term trends when the gains could partly reflect the closure of fringe branches (120 have gone in the past year) and the utilisation of previous provisions, while the new trading image is requiring the spending of more than £20m this year. The weak link remains the sluggish sales figure, up only 3 per cent at the half-way stage. For the full year Burton should make £15m or more pre-tax, but the shares are as usual looking either to the long term or to a bid.

BP

According to Sir David Steel in the BP annual report the group has been "worst hit of any company by events in Iran." Yet the BP share price has jumped by a third since the turn of the year, and Sir David felt it necessary yesterday to make apologetic remarks about the current profits jump being "essential." It is an interesting illustration of how company chairmen these days direct their remarks at customers, competitors, employees and politicians and have to leave their shareholders to read between the lines. The fact is that the current world oil shortage is playing into the hands of a group which is lifting 1m barrels a day in the North Sea and Alaska, but is none too hot at the more competitive downstream end of the business.

True, BP has lost for ever its supplies from the defunct Iranian Oil Consortium, but it has now begun purchasing directly from the new Iranian regime. Meantime the real sufferers are the third party customers who have already been hit by 45 per cent force majeure cutbacks and are now, in many cases, to be told that due to "new circumstances" their business is no longer required. Meanwhile BP is calculating how far above $18 a barrel it can price its Forties crude this quarter.

In 1978 net income reached £444m, or 115p a share, and the report shows that in the second half—before currency losses—the figure was running at an annual rate of £600m. For 1979 City estimates stretch to well over £790m, though this includes a sizeable temporary stock profit element. BP itself is discreet about the earnings trend, however, and is quiet also about the dividend where the 1977 commitment to 30p net a share, given dividend freedom, appears to have been dropped although £29.6m remains reserved for a 7.7p net special dividend. As things stand the shares at 1200p yield a princely 3.1 per cent.

Smiths Industries

Smith Industries' 1978-79 interim pre-tax profits are 46 per cent higher at £10.98m, but looked at against last year's second half performance they are perhaps rather disappointing. The group's star divisions, aerospace and specialist engineering, have maintained their momentum, and the distributive trades' business gave a solid showing. But profits in the depressed marine business have almost disappeared, and the vehicle original equipment division, where earnings seem to respond to the slightest fluctuation in BL's car output, made only £0.5m at the trading level against £2m in the second half of last year.

Smiths goes so far as to warn that this year's second half is unlikely to match last year's exceptional good £14.6m pre-tax. The interest charge will be up slightly and there is some loss of business from Iran; last year the group enjoyed the exceptional benefits of large contract completions, a post-strike recovery in aerospace, and a clean run at Leyland. Nevertheless, Smiths should make around £25m for the year as a whole, which puts the shares, down 15p at 240p, on a fully-taxed multiple of just below 10, falling to 7.3 on the likely 35 per cent tax charge. The rating is something of a compromise, suitable for a company which is half glamorous and half tied in to the UK motor industry. The shares yield 5.6 per cent.

Israel plans West Bank oil search

BY DAVID LENNON IN TEL AVIV

ISRAEL WILL start drilling for oil next week in the occupied West Bank. Officials are confident of making a major strike.

Under their recent peace agreement, Israel and Egypt are to start discussing the future of the occupied territory within a month. The 700,000 Palestinians living there want the West Bank to become part of an independent Palestinian state.

Mr. Ronald Hanreck, of the petroleum division of Israel's Energy Ministry, said yesterday that drilling a few miles north of Jerusalem near Ramallah would go to a depth of 6,000 metres. Available knowledge of the strata indicated "a fantastic prospect"

The Ramallah well was drilled before 1967 by an American company operating on behalf of the Jordanian Government which then controlled the area. Work halted at 3,000 metres before Israel drilled a further 1,520 metres in 1974.

Some Israeli oil officials have, however, expressed considerable doubts about the prospects of finding oil in the area, and American oil men have been openly sceptical. But Mr. Hanreck said experiments with new seismic techniques convinced him that the well "is located on a very large geological structure which could contain a giant oil accumulation."

About $2m will be invested in the new attempt, which should take two to three months to complete.

He said Israel was open to participation offers from foreign companies and believes that if five companies were each to invest $1m a year for five years Israel could carry out explorations with a high possibility of discovering oil or gas.

● Visits to Egypt by two Israeli Cabinet Ministers have been postponed only a day after Jerusalem protested to Cairo about recent hard-line Egyptian statements.

Dr. Mustapha Khalil, the Egyptian Premier, aroused Israeli anger when he declared on Saturday that Egypt might be willing to help Syria liberate the Golan Heights but it is not known whether there was any connection between this and the cancellations.

● Israeli aircraft struck guerrilla bases in Lebanon yesterday after a bomb exploded in Tel Aviv's central market, killing one woman and injuring 35, eight seriously.

Syndicate asks for more aid

By John Moore

THE 110 MEMBERS of the stricken Lloyd's underwrting syndicate, which is facing losses of £13.6m, are to ask Lloyd's today for more substantial financial aid.

The move comes just a few days after Lloyd's of London arranged a letter of credit with the National Westminster Bank, which allowed the members of the syndicate to borrow up to £7m. The arrangement was guaranteed by Lloyd's own funds.

Mr. Stephen Merrett, who took over the management of the syndicate from Mr. Frederick Sasse after it ran into trouble, is to ask the 16-strong ruling committee of Lloyd's for an "open-ended, interest-free" lending commitment, guaranteed by Lloyd's.

If Lloyd's agree it may have to stand surety for the full extent of the syndicate's losses of £13.6m.

Mr. Merrett said yesterday that the 110 members, after a meeting at Lloyd's, had asked him to go back to the Committee of Lloyd's and request "that the offer of £7m should be extended so that the loan is large enough for all members who wish to take advantage of it."

Mr. Merrett is looking for an amount from Lloyd's which will enable all members of the syndicate to pass the Lloyd's audit. Every member of Lloyd's has to pass an annual audit which tests that their underwriting assets are sufficient to meet their liabilities

The members of the syndicate are also dismayed that if they wish to borrow the money they will have to provide their own collateral.

Many of the members of the syndicate claim that a number of the Lloyd's safeguards have broken down in the period when the £13.6m of losses were incurred and are considering taking legal action against the Corporation of Lloyd's.

Tarmac chief steps down in reshuffle

BY MICHAEL CASSELL

IN ANOTHER boardroom upheaval at Tarmac, Mr. Robin Martin has relinquished his position as managing director and chief executive of the Wolverhampton-based roadstone and civil engineering group.

A brief statement last night said that Mr. Martin, who has been chairman for eight years and managing director and chief executive for 16, would remain chairman "for the time being."

News of the reshuffle came only a week after confirmation that Tarmac's group finance director, Mr. Gerard Paris, had resigned following his appointment as a director of Barclays Merchant Bank.

Last year, a decentralisation programme led to a sharp reduction in headquarters staff. In September 1977, Mr. Bill Francis, Tarmac vice-chairman, resigned after disclosures that a subsidiary operating in Africa had lost about £16m. Mr. Francis is now an executive director of Trafalgar House with responsibility for Cementation Holdings.

A Tarmac official said that the wisdom of combining the role of chairman and chief executive had been questioned for some time, particularly by Mr. Martin.

Mr. Eric Pountain, formerly responsible for Tarmac's housing and property divisions, has been appointed group managing director.

Tarmac's first-half pre-tax profits in 1978 fell from £9.97m to £6.25m, and it seems unlikely that the group will meet its forecasts of higher profits for the year.

The company is selling its 60 per cent stake in the loss-making Nigerian subsidiary to a Middle East consortium.

Continued from Page 1

BP and Iran

which are largely concentrated in the hands of its major rivals, Exxon, Socal, Texaco and Mobil.

Meanwhile, he expected the price of BP's Forties crude oil, the major North Sea crude stream, to reach $18.20-$18.30 a barrel in the second quarter, a rise of at least 17.5 per cent on the first quarter price.

BP is doubling its expenditure on world wide oil and gas exploration to £200m this year, of which the largest share will be spent in the North Sea.

BP has a capital expenditure programme for 1979 of some £2bn, of which £550m will be in the UK and £500m in the U.S. About £200m will be spent on chemicals activities, some £90m in the UK.

The 500,000 tonnes a year ethylene plant BP is building jointly with ICI at Wilton, Teesside, is now unlikely to be commissioned before September, at least two years behind schedule.

Continued from Page 1

Money

market and the banks' bull positions in sterling have tended to boost eligible liabilities but not sterling M3.

The apparent slow down in the growth of the money supply is obviously reassuring for the authorities, but the uncertainties about the buoyancy of bank lending remain. It appears that the distorting effects of the bad weather and of industrial disputes at the beginning of this year have not yet disappeared.

Sterling advances by the London clearing banks to the UK private sector rose by £150m in the month to mid-March. The banks comment that "as a significant fall was expected on seasonal grounds the underlying increase continued upwards, but at a rate appreciably higher than in recent months."

Weather

UK TODAY

OCCASIONAL RAIN in most places with heavy showers later. Some bright periods. Rather warm. Max. 13C (55F).

London, S.E., E. Anglia, E. Midlands

Rain early. Showers developing. Bright periods.

Cent. S. England, W. Midlands, S.W. England, Wales, N.E. England, Borders, Edinburgh and Dundee, Cent. Highlands

Cloudy. Rain in places.

N.W. England, Cent. N. England, Isle of Man, Ulster, S.W. Scotland, Orkney and Shetland, N.W. Scotland

Heavy outbreaks of rain. Bright intervals later.

● **Outlook:** Unsettled. Sunny intervals and showers, heavy and prolonged in places.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Locarno	C	14	57
Algiers	C	20	68	London	C	15	59
Amsdm.	S	19	66	Luxmbg.	S	15	59
Bahrain	S	32	90	Luxor	S	32	90
Barclna.	R	13	55	Madrid	F	10	50
Beirut	S	19	66	Majorca	F	17	63
Belfast	C	5	41	Malaga	F	18	64
Belgrd.	F	11	52	Malta	C	17	63
Berlin	S	14	57	Mchstr.	C	14	57
Biarritz	S	20	68	Melbne.	S	15	59
Bmghm.	R	12	54	Milan	F	16	61
Blackp'l	R	11	52	M'ntreal	C	2	36
Bordx.	F	17	63	Munich	F	7	45
Boulgn.	F	17	63	Nairobi	C	20	68
Bristol	R	11	52	Naples	F	18	64
Brussels	S	18	64	Nwcstl.	C	8	46
Budpst.	F	13	55	N. York	S	8	47
B. Aires	S	21	70	Nice	C	15	59
Cairo	S	27	82	Nicosia	S	18	64
Cardiff	R	9	48	Oporto	R	10	50
Cas'b'ca	C	17	63	Oslo	C	7	45
Cape T.	R	18	64	Paris	F	18	64
Chicago.	S	3	38	Perth	S	22	73
Cologne	S	15	59	Prague	S	11	52
Conhgn.	S	9	48	Reykjvk.	S	0	32
Corfu	S	15	59	Rhodes	S	17	63
Dublin	R	5	41	Rio J'o	S	28	84
Dbrvnk.	S	14	57	Rome	C	17	63
Ednbgh.	R	5	41	Salzb'rg	S	10	50
Faro	F	17	63	Singapr.	S	30	87
Florence	F	18	64	Stckhm.	F	6	43
Frankf't	S	13	55	Strasb'g	S	15	59
Funchal	F	16	61	Sydney	S	19	66
Geneva	F	15	59	Tangier	C	17	63
Gibrltr.	F	17	63	Tehran	C	24	76
Glasgow	R	5	41	Tel Aviv	S	19	66
G'msey	C	9	48	Tenerife	F	16	61
Helsinki	F	5	41	Tokyo	C	15	59
H. Kong	C	20	68	Toronto	S	1	34
Innsbrk.	S	17	63	Tunis	S	21	70
Invrnss.	R	4	39	Valencia	C	17	63
I.o.Man	R	6	43	Venice	F	14	57
Jersey	C	10	50	Vienna	S	13	55
Jo'burg	S	25	77	Warsaw	S	11	52
L. Plms.	C	20	68	Zurich	S	14	57
Lisbon	C	13	55				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Turks' secrecy desire worries IMF

BY DAVID TONGE

RELATIONS BETWEEN Turkey and the International Monetary Fund are now at a critical stage following the Turkish Government's insistence that no publicity must be given to any commitments it makes to the fund.

Mr. Bulent Ecevit, the Turkish Prime Minister, has been arguing that the further austerity measures he has to take are so sensitive politically that his Government would be threatened if details were leaked. But senior members of the IMF are questioning whether they can accept a programme which cannot be announced.

They point out that in the case of Britain, the agreement reached had the support of the parliamentary opposition as well as the government. They also give the example of Portugal where, even though the opposition disagreed, it was informed about the IMF's demands.

But in Turkey, the officials say, the IMF is being asked to overlook that the country is a parliamentary democracy with an opposition which could, if it came to power, reject an agreement from which it had been excluded.

This issue is the crucial one between Turkey and the IMF. High-level meetings in an attempt to resolve it are due shortly. IMF officials say that, compared with this issue, all the others are "technicalities which can be negotiated." They also confirm that the IMF has agreed to a more flexible approach to exchange rate problems.

This slight softening of the IMF's approach follows West German concern over the threats to Turkish stability.

It means that the IMF has shelved its demands for an immediate devaluation of at least 30 per cent and also that it is less oncerned about Turkey introducing multiple exchange rates—as it did yesterday.

The new rates involve premium rates for emigrant workers' remittances and tourists and were announced at the same time as some changes in the parity of the Turkish lira. This has been devalued by 5.7 per cent against the dollar and revalued against the Swiss franc by 9.7 per cent.

Cross-rate with the other main currencies have been adjusted so that the lira's value in these remains unchanged. The lira is pegged to each of the main currencies and yesterday's move is designed to bring it into line with changes in the foreign exchange markets since the lira was devalued on October 24 last year.

The new rate for the dollar is TL 26.5, compared with a previous rate of TL 25. Some of the new cross-rates are out of line with existing market rates, but given the country's foreign exchange controls there are few opportunities for abritrage profits.

The premium rates take effect immediately. Until May 9 tourists and emigrant workers will receive TL 47.1 per dollar; for the following month TL 42.1; and thereafter TL 37.1.

The high initial premium is designed to encourage those using the flourishing black market—where rates are up to 70 per cent above the official rate—to channel their foreign exchange through the banks. The premium also reflects the acuteness of the present foreign exchange shortage.

The Government has taken several austerity measures in the direction advocated by the IMF. These include stiff increases in the prices of petrol and many basic commodities produced by Turkey's large public sector. However, negotiations bethween Turkey and the Fund have been suspended since January, with Turkey still to be allowed to make the third drawing, due last November, of its $450m stand-by agreement

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